

NOTICE TO SHAREHOLDERS



(A Development Stage Enterprise)

Condensed Consolidated Interim Financial Statements For the three months ended September 30, 2011

(Stated in Canadian Dollars)

Responsibility for Financial Statements

The accompanying financial statements for Benton Resources Corp. have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") consistently applied. Only changes in accounting policies have been disclosed in these unaudited condensed consolidated interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended September 30, 2011.

BENTON RESOURCES CORP.
(A Development Stage Enterprise)

September 30, 2011

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BENTON RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Prepared by Management - Unaudited)

As at	September 30, 2011 \$	June 30, 2011 \$	July 1, 2010 \$
		(note 18)	(note 18)
ASSETS			
Current			
Cash	462,411	57,517	151,133
Temporary investments (note 4)	10,300,785	12,320,836	8,931,276
Accounts and other receivables	321,223	312,203	152,146
Prepaid expenses	43,653	56,043	23,868
Refundable security deposits (note 17)	167,036	73,482	46,325
	11,295,108	12,820,081	9,304,748
Long-term investments (note 5)	9,009,443	13,239,463	2,993,929
Property and equipment, net (note 6)	140,335	144,866	133,832
Exploration and evaluation assets (note 7)	8,424,081	7,031,514	13,298,323
Investment in Coro Mining Corp. (note 8)	13,979,394	14,722,129	6,344,738
	42,848,361	47,958,053	32,075,570
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities (note 10)	532,965	105,863	142,028
Income taxes payable (note 12(a))	889,992	1,410,567	-
	1,422,957	1,516,430	142,028
Future income tax liability (note 12(b))	2,113,114	2,988,124	799,265
	3,536,071	4,504,554	941,293
Shareholders' Equity			
Capital Stock (note 9)			
Share capital	30,154,080	30,197,161	29,498,693
Reserves	10,357,964	9,716,971	9,581,219
Retained earnings (deficit)	(1,199,754)	3,539,367	(7,945,635)
	39,312,290	43,453,499	31,134,277
	42,848,361	47,958,053	32,075,570

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on December 21, 2011. They are signed on the Corporation's behalf by:

"Stephen Stares" President, Chief Executive Officer and Director
"Clint Barr" Director

See accompanying notes to the condensed consolidated interim financial statements

BENTON RESOURCES CORP.
(A Development Stage Enterprise)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS
OF COMPREHENSIVE INCOME (LOSS)**
(Prepared by Management – Unaudited)

	Three Months Ended September 30, 2011 \$	Three Months Ended September 30, 2010 \$ (note 18)
EXPENSES		
Advertising and promotion	87,393	95,595
Share-based payments (note 13)	636,047	341,497
Consulting fees	12,268	50,000
General and administrative	216,938	203,557
Professional fees	39,010	8,876
Stock exchange and filing fees	7,500	-
Depreciation expense	11,191	10,107
	(1,010,347)	(709,632)
Other income (expense):		
Interest income	38,868	43,938
Adjustment to fair market value for held-for-trading investments	(4,404,950)	4,039,085
Write-down of mineral properties	(15,542)	-
Equity and dilution losses (note 8)	(742,735)	(138,013)
	(5,124,359)	3,945,010
Income (loss) before income taxes	(6,134,706)	3,235,378
Current income tax recovery (note 12(a))	520,575	-
Deferred income tax recovery (note 12(a))	875,010	77,859
Income (loss) and comprehensive income (loss) for the period	(4,739,121)	3,313,237
Income (loss) and comprehensive income (loss) per share (note 11)		
- basic	(0.06)	0.04
- diluted	(0.06)	0.04

See accompanying notes to the condensed consolidated interim financial statements

BENTON RESOURCES CORP.

(A Development Stage Enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS CHANGES IN EQUITY**(Prepared by Management - Unaudited)**

For the three months ended September 30, 2011

	Share Capital		Reserves		Retained earnings (deficit)	Total shareholders' equity
	Number	Amount \$	Warrants \$	Equity settled benefits \$		
Balance at July 1, 2010 (note 18)	75,736,531	29,498,693	67,730	9,513,489	(7,945,635)	31,134,277
Income and comprehensive income for the period	-	-	-	-	3,313,237	3,313,237
Issued in connection with property option agreements	10,000	4,800	-	-	-	4,800
Share-based payments	-	-	-	341,497	-	341,497
Balance at September 30, 2010	75,746,531	29,503,493	67,730	9,854,986	(4,632,398)	34,793,811
Income and comprehensive income for the period	-	-	-	-	8,171,765	8,171,765
Issued in connection with property option agreements	356,000	353,970	-	-	-	353,970
Issued upon exercise of stock options	2,175,000	793,500	-	-	-	793,500
Reclassified upon exercise of stock options	-	241,465	-	(241,465)	-	-
Issued upon exercise of warrants	336,000	168,000	-	-	-	168,000
Reclassified upon expiration of warrants	-	67,730	(67,730)	-	-	-
Shares purchased and cancelled under normal course issuer bid	(2,280,000)	(930,997)	-	(1,354,667)	-	(2,285,664)
Share-based payments	-	-	-	1,458,117	-	1,458,117
Balance at June 30, 2011	76,333,531	30,197,161	-	9,716,971	3,539,367	43,453,499
Loss and comprehensive loss for the period	-	-	-	-	(4,739,121)	(4,739,121)
Shares purchased and cancelled under normal course issuer bid	(105,000)	(43,081)	-	4,946	-	(38,135)
Share-based payments	-	-	-	636,047	-	636,047
Balance at September 30, 2011	76,228,531	30,154,080	-	10,357,964	(1,199,754)	39,312,290

See accompanying notes to the condensed consolidated interim financial statements

BENTON RESOURCES CORP.
(A Development Stage Enterprise)

**CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF CASH FLOWS**
(Prepared by Management – Unaudited)

	Three Months Ended September 30, 2011 \$	Three Months Ended September 30, 2010 \$
		(note 18)
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Income (loss) and comprehensive income (loss) for the period	(4,739,121)	3,313,237
Deferred income tax recovery	(875,010)	(77,859)
Write-down of exploration and evaluation assets	15,542	-
Unrealized change in fair market value of investments	4,404,950	(4,039,085)
Depreciation expense	11,191	10,107
Share-based payments	636,047	341,497
Equity and dilution (gains) losses	742,735	138,013
Net change in non-cash working capital balances related to operating activities	(566,512)	(62,262)
Cash flows used in operating activities	(370,178)	(376,352)
FINANCING ACTIVITIES		
Shares purchased and cancelled under normal course issuer bid	(38,135)	-
Cash flows (used in) provided by financing activities	(38,135)	-
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(1,408,110)	(1,112,885)
Purchase of property and equipment	(6,660)	(4,200)
Purchase of long-term investments	(201,500)	-
Net redemption (purchase) of fixed income investments	2,046,622	1,744,916
Net change in non-cash working capital balances related to investing activities	382,855	(147,214)
Cash flows provided by (used in) investing activities	813,207	480,617
Increase (decrease) in cash	404,894	104,265
Cash - beginning of period	57,517	151,133
Cash - end of period	462,411	255,398

See accompanying notes to the condensed consolidated interim financial statements

BENTON RESOURCES CORP.
(A Development Stage Enterprise)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Prepared by Management – Unaudited)

September 30, 2011

1. NATURE OF OPERATIONS AND ABILITY CONTINUATION OF OPERATIONS:

Benton Resources Corp. (the "Company") was incorporated on July 10, 2003 under the laws of British Columbia and is a development stage public company whose shares began trading on the TSX Venture Exchange in April of 2005. Its principal business activities are the acquisition, exploration and development of mineral properties.

The accompanying condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. The Company feels that sufficient working capital will be obtained from public share offerings to meet the Company's liabilities and commitments as they come due. These condensed consolidated interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

	September 30, 2011	June 30, 2011
Working capital	\$ 9,872,151	\$ 11,303,651
Retained earnings (deficit)	\$ (1,199,754)	\$ 3,539,367

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ending June 30, 2012. Previously, the Company prepared its annual and interim financial statements in accordance with GAAP.

Basis of Presentation

The condensed consolidated interim financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and

expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements including comparatives have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption on June 30, 2012, the Company's first annual reporting date.

The standards that will be effective or available for voluntary early adoption in the annual financial statements for the year ending June 30, 2012 are subject to change and may be affected by additional interpretation(s). Accordingly the accounting policies for the annual period that are relevant to these financial statements will be determined only when the first IFRS financial statements are prepared for the year ending June 30, 2012.

The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. They also have been applied in preparing an opening IFRS balance sheet at July 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from GAAP to IFRS is explained in note 18.

The condensed consolidated interim financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the Company.

Basis of Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its share of the earnings or losses of the Company's associate Coro Mining Corp.

Investments in associates are accounted for using the equity method. Under this method, the Company's share of the investment's earnings or losses is included in the statement of earnings and the carrying amount of the investment is adjusted by a like amount.

Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category are as follows:

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of earnings in the period of determination.

Fair value through profit or loss - This category includes derivatives, and investments acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of comprehensive income (loss).

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive earnings. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment,

the amount of the loss is removed from other comprehensive earnings and recognized in the statement of comprehensive income (loss).

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of earnings.

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term investments, highly liquid investments that are readily convertible into known amounts or cash and which are subject to an insignificant risk of changes in value.

Investments

Investments in associates over which the Company exercises significant influence are accounted for using the equity method. Mining and other investments under which the Company cannot exert significant influence are recorded initially at cost and adjusted to reflect changes in the fair value in subsequent periods. For mining and other investments classified as available for sale, any subsequent changes in the fair value are recorded in other comprehensive earnings. If in the opinion of management there has been a decline in value of the investment below the carrying value that is considered to be other than temporary, the valuation adjustment is recorded in net earnings in the period of determination. The fair value of the investments is based on the quoted market price on the closing date of the period.

Investments in Joint Ventures

Entities whose economic activities are controlled jointly by the Company and other ventures independent of the Company (joint ventures) are accounted for using the proportionate consolidation method, whereby the Company's share of the assets, liabilities, income and expenses is included line by line in the condensed consolidated interim financial statements.

Unrealized gains and losses on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

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. The aggregate costs related to abandoned mineral claims are charged to operations at the time or any abandonment or when it has been determined that there is evidence of a permanent impairment.

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

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either an unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Property and Equipment

Purchased property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of property and equipment. The periods generally applicable are:

Computer Equipment	30-55%
Computer Software	100%
Furniture and Equipment	20%
Exploration Camps	30%
Automotive	30%

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within "other income" or "other expenses."

Impairment

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair values less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the

sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value to their present value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Revenue Recognition

Operator fees on mineral properties are earned based on an agreed upon percentage of development expenses incurred on specific properties. Recognition of all revenue is subject to the provision that ultimate collection is reasonably assured at the time of recognition.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Foreign Currency Translation

Accounts of foreign operations, consisting of the Company's investments in Coro Mining Corp and Stillwater Mining Company, are translated as follows:

- (i) Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date;
- (ii) Long-term investments carried at fair market value are translated at the rate of exchange in effect at the balance sheet date;
- (iii) Non-monetary assets and liabilities, and equity are translated at historical rates; and
- (iv) Revenue and expense items are translated at the rate of exchange prevailing at the time of the transaction or at average exchange rates during the period as appropriate.

Gains and losses on re-measurement to the functional currency are included in the results of operations for the period.

Share-based payment transactions

The Company operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Flow-Through Financing

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in the statement of loss and comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period.

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has only one single reportable operating segment.

Share capital

Share capital represents the fair value of consideration received.

Operating Expenses

Operating expenses are recognized in profit and loss upon utilization of the services or at the date of their origin.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the recoverability of amounts receivable and prepayments which are included in the condensed consolidated interim statement of financial position;
- ii. the carrying amount and recoverability of exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available;
- iii. the estimated useful lives of property and equipment which are included in the condensed consolidated interim statement of financial position and the related depreciation included in the condensed consolidated interim statement of comprehensive income (loss) for the period ended September 30, 2011;
- iv. the inputs used in accounting for share-based payment expense in the condensed consolidated interim statement of comprehensive loss; and
- v. the provision for income taxes which is included in the condensed consolidated interim statements of comprehensive income (loss) and composition of deferred income tax assets and liabilities included in the condensed consolidated interim statements of financial position at September 30, 2011.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units; and

- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage.

Earnings (loss) Per Share

Earnings (loss) per share is calculated on the basis of weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the treasury stock method whereby the weighted average shares outstanding are increased to include additional shares from the exercise of warrants and stock options, if dilutive. For warrants and stock options, the number of additional common shares is calculated by assuming that outstanding warrants and stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

3. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the condensed consolidated financial statements.

IFRS 10, Consolidated Financial Statements: IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities.

IFRS 11, Joint Arrangements: IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities-Non – Monetary Contributions by Venturers.

IFRS 12, Disclosure of Interests in Other Entities: IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

IFRS 13, Fair Value Measurements: IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

In July 2011, the IASB agreed to defer the effective date of IFRS 9, Financial Instruments from 2013 to 2015. The standard is the first part of a multi-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement.

IAS 28, Investments in Associates and Joint Ventures: IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures. Early application is permitted.

IAS 1 – Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoptions permitted.

4. TEMPORARY INVESTMENTS:

	September 30, 2011	June 30, 2011
Coupons	\$ 3,585,584	\$ 3,992,349
Debentures	687,845	678,083
Money Market Mutual funds	117,242	1,459,387
Senior Deposit Notes	1,616,360	1,619,296
Medium Term Notes	2,249,542	2,571,922
Guaranteed Investment Certificates	2,044,212	1,999,799
	<u>\$ 10,300,785</u>	<u>\$ 12,320,836</u>

These funds are available for exploration and other purposes upon the request of the Company.

The coupons have maturity dates ranging from October 17, 2011 to December 3, 2012 and interest rates ranging from 1.019% to 1.92%.

The debentures have maturity dates ranging from July 16, 2012 to December 3, 2012 and interest rates ranging from 1.229% to 1.67%.

The mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

The senior deposit notes have maturity dates ranging from March 15, 2012 to September 10, 2012 and interest rates ranging from 1.281% to 1.826%.

The medium term notes have maturity dates ranging from October 6, 2011 to September 4, 2012 and interest rates ranging from 1.183% to 1.628%.

The guaranteed investment certificates have maturity dates ranging from October 15, 2011 to March 20, 2012 and interest rates ranging from 2.65% to 5.04%.

5. LONG-TERM INVESTMENTS:

	September 30, 2011		June 30, 2011	
	Market \$	Cost \$	Market \$	Cost \$
Canadian Equities				
Marathon Gold Corporation	1,017,250	1,119,644	970,300	1,119,644
Stillwater Mining Company	3,104,633	7,005,896	7,382,204	7,005,896
Mineral Mountain Resources	3,236,979	3,307,500	3,495,937	3,307,500
Bell Copper Corporation	134,475	285,243	167,075	285,243
Puget Ventures Inc.	759,549	423,361	759,549	423,361
Golden Dory Resources	325,500	201,500	-	-
Other	431,057	446,428	464,398	446,428
	<u>9,009,443</u>	<u>12,789,572</u>	<u>13,239,463</u>	<u>12,588,072</u>

During year ended June 30, 2011 Marathon PGM Corporation (“Marathon”) and Stillwater Mining Company (“Stillwater”) completed a definitive agreement pursuant to which Stillwater will acquire all of the outstanding shares of Marathon by paying Marathon shareholders \$1.775 per share and issuing 0.112 shares of Stillwater for every share of Marathon. In addition, shareholders of Marathon received a distribution of one half of a share of Marathon’s subsidiary, Marathon Gold Corporation, for every Marathon share held immediately prior to the Stillwater exchange. During the period the Company realized \$2,777,875 cash, received 175,280 shares of Stillwater (NYSE:SWC) and received 782,500 shares of Marathon Gold Corporation (TSX:MOZ). The Company recognized a loss during the current year on the pro-rata disposal of the Marathon PGM shares pertaining to the cash portion of the plan of arrangement in the amount of \$1,661. During the year ended June 30, 2011, 175,000 shares of Stillwater were sold for net proceeds of \$3,896,066.

During the year ended June 30, 2011, Stillwater completed the purchase of the Bermuda property from the Company for gross proceeds of \$14 million. Pursuant to the asset purchase and sale agreement, one-half (\$7 million) was paid in shares of Stillwater with the remaining amount paid in cash. The 348,053 Stillwater shares held at September 30, 2011 were valued at the September 30, 2011 closing price of \$8.92 per share.

The Mineral Mountain Resources (“Mineral Mountain”) shares are valued at the September 30, 2011 closing price of \$0.50 per common share. The shares were received during the period pursuant to the Company selling its option to earn into the Golden Harp Copper Hill Block ‘A’ property as outlined in note 7(k). Mineral Mountain is listed on the TSX Venture Exchange under the symbol “MMV”.

The Bell Copper Corporation (“Bell”) shares are valued at the September 30, 2011 closing price of \$0.17 per common share (June 30, 2011 - \$0.21). The shares were received pursuant to an amendment to a joint venture agreement with Bell’s predecessor, GrandCru Resources, whereby in lieu of cash settlement of an outstanding balance owing to the Company for work performed on the joint venture property, the \$295,743 balance was settled by Bell issuing to the Company 845,000 common shares (of which 30,000 have since been sold) with an underlying value of \$0.35 per common share. Bell is listed on the TSX Venture Exchange under the symbol “BCU”.

The Puget Ventures Inc. (“Puget”) shares are valued at the September 30, 2011 closing price of \$0.49 per common share (June 30, 2011 - \$0.49). The initial 103,100 shares were received pursuant to a joint venture agreement with Puget and the claims were subsequently sold to Puget on March 26, 2010 for an additional 1,550,000 shares of Puget (valued at \$0.27 per share) for gross proceeds in the amount of \$418,500. Puget is listed on the TSX Venture Exchange under the symbol “PVS”.

The Golden Dory Resources Corp. (“Golden Dory”) shares were subscribed for during the period pursuant to a private placement at a price of \$0.13 per unit. Each unit consists of one common share and one share purchase warrant with an exercise price of \$0.20 for a period of 18 months following the date of issuance, subject to an acceleration provision at the election of Golden Dory should the stock trade above a price of \$0.30 per share for 10 consecutive days. Golden Dory is listed on the TSX Venture Exchange under the symbol “GDR”. The shares are valued at the September 30, 2011 trading price of \$0.12. The shares are restricted for trading until November 16, 2011.

Included in other investments is 3 million shares of Parkside Resources Corporation (“Parkside”), a privately held development stage exploration company in the process of working towards a stock exchange listing. The Company acquired these shares by optioning its Forester Lake gold property to Parkside for 1 million shares. In addition the Company provided equity financing to Parkside totaling \$200,000 for the other 2 million shares. At September 30, 2011, the Company held approximately 36% of the outstanding shares of Parkside. Generally this would represent an equity accounted investment but due to the fact that Parkside has not incurred significant losses since its inception, the shares are carried at their original cost.

6. PROPERTY AND EQUIPMENT:

	September 30, 2011			June 30, 2011		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer Equipment	\$ 53,533	\$ 45,757	\$ 7,776	\$ 53,533	\$ 44,658	\$ 8,875
Furniture and Equipment	83,674	39,534	44,140	83,674	37,211	46,463
Computer Software	92,752	85,972	6,780	86,092	84,822	1,270
Exploration Camps	181,232	132,357	48,875	181,232	128,394	52,838
Automotive	41,671	8,907	32,764	41,671	6,251	35,420
Total	\$ 452,862	\$ 312,527	\$ 140,335	\$ 446,202	\$ 301,336	\$ 144,866

7. EXPLORATION AND EVALUATION ASSETS:

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the period ended September 30, 2011 and the year ended June 30, 2011 is summarized in the tables below:

For the three months ended
September 30, 2011

	Saganaga/Q9	Long Range	Rim Property	Shebandowan	Abernethy	Sewell	Other	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
June 30, 2011 - Acquisition Costs	\$ 279,317	200,010	20,857	65,381	13,478	-	872,247	1,451,290
Additions	-	-	-	-	91	24,500	156	24,747
Writedowns/Recoveries/Disposals (h)	-	-	-	-	-	-	-	-
<i>Subtotal</i>	\$ -	-	-	-	91	24,500	156	24,747
Sept. 30, 2011 - Acquisition Costs	\$ 279,317	200,010	20,857	65,381	13,569	24,500	872,403	1,476,037
June 30, 2011 - Exploration and Evaluation Expenditures	\$ 1,226,528	963,729	540,412	665,951	645	-	2,182,959	5,580,224
Assaying	3,019	-	4,753	7,820	2,316	1,151	1,861	20,920
Prospecting	2,538	-	-	2,381	10,052	16,545	2,606	34,122
Geological	9,486	-	11,920	19,185	3,183	22,280	29,706	95,760
Geophysical	777	-	-	-	-	38,089	400	39,266
Line Cutting	81,335	-	-	583	4,629	35,458	-	122,005
Trenching	23,468	-	-	-	-	-	-	23,468
Diamond Drilling	853	-	750,220	-	164,758	947	271	917,049
Miscellaneous	182	115,776	-	541	3,597	-	10,676	130,772
Writedowns/Recoveries/Disposals (h)	-	-	-	-	-	-	(15,542)	(15,542)
<i>Subtotal</i>	\$ 121,658	115,776	766,893	30,510	188,535	114,470	29,978	1,367,820
Sept. 30, 2011 - Exploration and Evaluation Expenditures	\$ 1,348,186	1,079,505	1,307,305	696,461	189,180	114,470	2,212,937	6,948,044
September 30, 2011 - Total	\$ 1,627,503	1,279,515	1,328,162	761,842	202,749	138,970	3,085,340	8,424,081

For the year ended June 30, 2011

	Saganaga/Q9	Long Range	Rim Property	Shebandowan	Abernethy	Other	Total
	(a)	(b)	(c)	(d)	(e)	(g)	
June 30, 2010 - Acquisition Costs	\$ 223,750	112,857	20,377	-	-	883,619	1,240,603
Additions	55,567	103,153	480	65,381	13,478	63,628	301,687
Writedowns/Recoveries/Disposals (h)	-	(16,000)	-	-	-	(75,000)	(91,000)
<i>Subtotal</i>	\$ 55,567	87,153	480	65,381	13,478	(11,372)	210,687
June 30, 2011 - Acquisition Costs	\$ 279,317	200,010	20,857	65,381	13,478	872,247	1,451,290
June 30, 2010 - Exploration and Evaluation Expenditures	\$ 1,055,870	665,858	523,190	-	-	9,812,802	12,057,720
Assaying	57,204	-	-	13,310	-	82,027	152,541
Prospecting	7,597	-	100	1,304	645	54,199	63,845
Geological	58,375	2,280	12,407	6,887	-	137,028	216,977
Geophysical	648	-	1,915	189,810	-	13,157	205,530
Line Cutting	-	-	-	113,907	-	9,507	123,414
Trenching	36,055	-	-	-	-	-	36,055
Diamond Drilling	5,614	-	2,800	338,627	-	1,004,684	1,351,725
Miscellaneous	5,165	295,591	-	2,106	-	71,270	374,132
Writedowns/Recoveries/Disposals (h)	-	-	-	-	-	(9,001,715)	(9,001,715)
<i>Subtotal</i>	\$ 170,658	297,871	17,222	665,951	645	(7,629,843)	(6,477,496)
June 30, 2011 - Exploration and Evaluation Expenditures	\$ 1,226,528	963,729	540,412	665,951	645	2,182,959	5,580,224
June 30, 2011 - Total	\$ 1,505,845	1,163,739	561,269	731,332	14,123	3,055,206	7,031,514

(a) Saganaga Lake/Q9 Property

The Saganaga Lake Property consists of mining rights for 100% of 20 claims totalling 51 units and the Company also has the right to earn 100% in one claim totalling 2 units and 99% of 10 claims under option from Wing Resources in the Saganaga Lake area of Thunder Bay. Pursuant to an option agreement dated September 27, 2005, the Company has the right to acquire a 100% interest in the mining claims by paying the vendor a total of \$100,000 in cash and issuing 100,000 shares over a four year period. The vendor will retain a 3% NSR of which the Company will have the right to buy back up to 50% for \$500,000 per 0.5% NSR.

The Q-9 property is located approximately 160 km west of Thunder Bay, Ontario and adjoins the Saganaga Gold property. The project is subject to an asset purchase, sale and royalty agreement dated May 8, 2006 between the Company and Stares Contracting Corp., a company controlled by Stephen Stares, Director and Officer and Michael Stares, Director of the Company, whereby the Company can earn a 100% interest subject to a 2% NSR in the project by making payments of \$75,000 cash (paid) and issuing 200,000 shares (issued) over four years.

(b) Long Range Property

The Long Range property is located in central Newfoundland and is the result of a 40%/40%/20% joint venture agreement initially formed between the Company, Buchans Minerals Corporation ("Buchans") and Golden Dory Resources Corp. ("Golden Dory") and is comprised of claims totaling 222 km². The joint venture was subsequently revised to a 50%/50% joint venture between the Company and Buchans upon Golden Dory withdrawing from the agreement and the remaining two parties assuming an equal interest. Buchans is currently operating the project.

(c) Rim Property

During the 2008 fiscal year, the Company acquired, through staking, 1,823 claims in Northern Labrador. The property is located nearly 100km south of Voisey's Bay and adjacent to the Pants Lake Intrusion.

(d) Shebandowan Property

The Shebandowan property is located approximately 90 kms west of Thunder Bay, Ontario. The Company acquired by staking a 100% interest in 17 staked claims totaling 209 units. The Company also entered in an agreement with Trillium North Minerals Ltd. ("Trillium North") that grants the Company the exclusive right to earn up to a 70% interest in 5 adjoining mineral claims totaling 27 units by paying Trillium North \$80,000 cash (\$20,000 paid), issuing 100,000 shares of the Company (25,000 shares issued) and spending \$1 million on the property over a period of seven years.

(e) Abernethy Property

The Abernethy property is located 10 kms southwest of Kenora, Ontario. The Company acquired through staking, a 100% interest in the property which consists of 9 claims totaling 67 units.

(f) Sewell Property

The Sewell property is located in the Sewell Township in the west Timmins mining area. The Company entered into an agreement with four prospectors to acquire a 100% interest in the property by paying \$200,000 cash (\$20,000 paid) and issuing 200,000 (20,000 shares issued) shares of the Company over a four year period. The property is also subject to a 2% Net Smelter Return with the Company retaining the option to buy back 1%.

(g) Other Property

Other property consists of several early stage projects and projects that the Company is not actively exploring at the period ended September 30, 2011. Included in Other property are certain projects that are subject to agreements that are more fully described below.

(i) Kingurutik Lake Property

The Kingurutik Lake property was acquired 100% by staking in late October 2006. The Property is located approximately 60 km north of Voisey's Bay, Labrador and consists of 488 claim units.

The Company has entered into a Participation Agreement with Teck Resources Ltd. ("Teck") whereby the Company and Teck will form the Kingurutik Lake project by amalgamating and jointly exploring certain of their land positions in Labrador. The project is located approximately 60 km north of the Voisey's Bay copper-nickel deposit and consists of 488 claim units held by the Company, (previously known as the NBK property), and 266 claim units held by Teck.

Under the terms of the Agreement, Teck completed a private placement financing with the Company during a previous fiscal year whereby the Company issued 1,000,000 common shares at \$0.70 per share for total proceeds of \$700,000 which resulted in the Company and Teck Cominco each holding a 50% interest in the combined properties. The Company then agreed to fund the initial \$600,000 in exploration work to be carried out by Teck, which Teck then has the option to increase its interest in the property to 60% by incurring an additional \$4 million in expenditures over the initial three years with an additional right to increase its interest to 70% by incurring an additional \$7 million in expenditures (for a total of \$11 million) over a further three years.

During the 2009 fiscal year, Teck notified the Company that it has elected to exercise its option to increase its interest in the project to 60% by incurring the aforementioned expenditures. However, during fiscal 2010, Teck informed the Company that it did not fulfill its expenditure requirement under the 60% option and would not be participating in future exploration programs. The Company has assumed operatorship and will dilute Teck's interest accordingly.

(ii) Bark Lake Property

The Bark Lake property consists of 19 claims totaling 3,884 hectares in the Boot Bay Area, Northwestern Ontario and is owned 100% by the Company. During the 2011 fiscal year, the Company entered into an agreement granting Platinum Group Metals Ltd. ("PTM") the exclusive right to earn up to a 75% interest in the project. Under the terms of the agreement, PTM must pay \$145,000 cash to the Company (\$35,000 received), issue 215,000 shares of PTM to the Company and expend \$1,625,000 on the property over a seven year period. PTM has the option to earn the final 5% (75% total) by completing a pre-feasibility study.

(iii) Forester Lake

The Forester Lake property was acquired by staking and is owned 100% by the Company and consists of 21 claims totaling 272 units and is located approximately 100 kms north of Pickle Lake, Ontario. During the 2011 fiscal year, the Company entered into an agreement with Parkside Resources Corp. ("Parkside") granting Parkside the right to earn a 60% interest in the property. Under the terms of the agreement, Parkside must pay the Company \$50,000 in cash (\$15,000 received), issue to the Company 1 million Parkside common shares (received) and expend \$300,000 on the property over a period of three years with a minimum of \$100,000 to be spent in each 12 month period of the three year period. Parkside can earn an additional 10% (70% total) by expending an additional \$700,000 on the property over an additional three year period. In addition, the Company provided Parkside with \$200,000 in equity financing in fiscal 2011 (including \$150,000 in flow through financing) in exchange for an additional 2 million common shares of Parkside (taking the Company's share position to 3 million shares). Parkside is currently a private corporation and is working toward a listing on the TSX Venture Exchange.

(iv) Onion Lake Property

The Onion Lake property was acquired by staking and consists of 105 claims totaling 1,198 units and is located 30 kms north of Thunder Bay, Ontario. In fiscal 2010, the Company entered into an agreement with Glory Resources Limited ("Glory") which grants Glory the right to earn an initial 30% interest in the property (earned) by paying the Company \$95,000 cash (received) and expending \$500,000 on the property over a period of two years following the effective date (expended). Glory can earn an additional 30% (taking interest to 60%) by expending an additional \$1.8 million on the property over an additional two year period (currently earning). Glory may earn an additional 10% (taking interest to 70%) by expending an additional \$1.5 million on the property over an additional 18 month period.

(h) Writedowns/Recoveries/Disposals

Reductions to the carrying costs of associated properties pertaining to writedowns or as a result of cost recoveries or earn-ins, or due to dispositions during the period ended September 30, 2011 and the year ended June 30, 2011 were as follows:

	<u>Three months ended September 30, 2011</u>	<u>Year ended June 30, 2011</u>
	\$	\$
<u>Writedowns:</u>		
Genex Property	15,542	88,478
Armit Lake Property	-	1,340,232
Spike Lake Property	-	3,356
Caramat Property	-	4,200
Whitehead Property	-	320
Deloro Property	-	1,150,660
<i>Subtotal</i>	<u>15,542</u>	<u>2,587,246</u>
<u>Recoveries:</u>		
South Sibley Property	-	25,000
Kingurutik Lake Property	-	150,000
Bark Lake Property	-	35,000
Forester Lake	-	147,708
Long Range	-	16,000
Onion Lake Property	-	50,000
<i>Subtotal</i>	<u>-</u>	<u>423,708</u>
<u>Disposals:</u>		
Bermuda Property (i)	-	4,795,854
Copper Hill Option (ii)	-	1,285,907
<i>Subtotal</i>	<u>-</u>	<u>6,081,761</u>
Total	<u>15,542</u>	<u>9,092,715</u>

(i) Bermuda Property

During the year ended June 30, 2011, the Company completed an asset purchase and sale agreement with Stillwater Mining Company ("Stillwater") whereby Stillwater agreed to purchase the Bermuda property and the Company's 2% net smelter royalty that the Company retained on the Bamooos lease for \$14 million on a one-half cash, one-half Stillwater common share basis. The Company will retain a 1% net smelter royalty on Bermuda should more than 2.5 million ounces of Pd+Pt+Au combined be produced from the property. The Company recognized a gain on the sale of the property in the amount of \$9,204,146 based on the proceeds less capitalized costs for the project.

(ii) Copper Hill Option

During the year ended June 30, 2011, the Company transferred (the "transfer") its option and all of its rights and obligations under the option agreement between the Company and Golden Harp to Mineral Mountain Resources Ltd. ("Mineral Mountain"). In consideration for the transfer, Mineral Mountain will issue to the Company a total of 8 million common shares staged in three payments consisting of 4 million common shares on approval from the TSX Venture Exchange (received), a further 2 million common shares within 12 months of the agreement, and a final 2 million common shares (for a total of 8 million common shares) within 18 months of the agreement (subsequently received). In addition, Mineral Mountain will grant a 1% NSR to the Company over certain claims encompassing the original agreement with Golden Harp. The Company recognized a gain on the sale of the option in income in the amount of \$754,093 based on the proceeds from the on-signing share payment less the costs into the project.

8. INVESTMENT IN CORO MINING CORP.:

Details of the investment in Coro Mining Corp. for the year ended June 30, 2011 and the three month period ended September 30, 2011 is as follows:

	Shares #	Carrying Amount \$
Balance, July 1, 2010	38,701,227	6,344,738
Exercise of warrants	19,110,227	4,553,295
Open market share purchases	55,300	79,067
Net equity and dilution gains	-	3,745,029
Balance, June 30, 2011	57,866,754	14,722,129
Net equity and dilution losses	-	(742,735)
Balance, September 30, 2011	57,866,754	13,979,394

- (i) During the year ended June 30, 2011, the Company exercised 16,672,727 warrants at \$0.20 for a cost of \$3,334,545. In addition, the company exercised an additional 2,437,500 warrants at \$0.50 for a cost of \$1,218,750.
- (ii) During the year ended June 30, 2011, the Company acquired an additional 55,300 shares of Coro on the open market at a total cost of \$79,067.

The Company has recorded its investment in Coro as an equity investment. At September 30, 2011, the Company holds 57,866,754 shares (or 41.87%) of Coro with a market value of \$13,888,021 (based on the September 30, 2011 closing price of \$0.24 per share).

9. CAPITAL STOCK:

(a) Share Capital

Authorized:

Unlimited common shares

Issued:

76,228,531 common shares

- (i) During the year ended June 30, 2010 the Company announced its intent to make a new normal course issuer bid to purchase, through the facilities of the TSX Venture Exchange (the "Exchange"), certain of its outstanding common shares. The number of common shares intended to be purchased through the facilities of the Exchange during the period of the Bid from June 18, 2010 to June 18, 2011 will not exceed 5,000,000 common shares. The actual number of shares that may be purchased and the timing of any such purchases will be determined by the Company. All shares purchased under the Bid will be cancelled. At June 30, 2011, 2,280,000 shares were purchased under the present Bid and held for cancellation at a total cost of \$2,285,664. The shares were cancelled prior to June 30, 2011.

(b) Share Purchase Warrants

Details of share purchase warrant transactions for the year ended June 30, 2011 and the three month period ended September 30, 2011 are as follows:

	# of Warrants	Weighted Average Exercise Price
Balance, June 30, 2010	336,000	\$0.50
Exercised during the period	(336,000)	\$0.50
Balance, June 30, 2011/September 30, 2011	-	-

(c) Stock Options and Contributed Surplus

Details of stock option transactions for the three months ended September 30, 2011 and the year ended June 30, 2011 are as follows:

	<u># of Options</u>	<u>Weighted Average Exercise Price</u>
Balance, June 30, 2010	11,836,250	\$0.49
Cancelled during the period	(160,000)	\$0.72
Granted during the period	3,270,000	\$1.12
Exercised during the period	(2,175,000)	\$0.37
Balance, June 30, 2011/Sept. 30, 2011	12,771,250	\$0.67

As at September 30, 2011 the following stock options were outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Sept. 30, 2011 # of Options</u>	<u>Options exercisable</u>
February 7, 2012	\$0.50	2,161,250	2,161,250
May 29, 2012	\$1.08	100,000	100,000
November 16, 2012	\$0.93	25,000	25,000
March 14, 2013	\$0.70	1,800,000	1,800,000
May 12, 2013	\$0.70	100,000	100,000
March 26, 2014	\$0.28	2,125,000	2,125,000
March 17, 2015	\$0.56	3,170,000	3,170,000
April 1, 2015	\$0.56	20,000	15,000
April 15, 2016	\$1.12	3,270,000	817,500
		12,771,250	10,313,750

(d) Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 13,727,456 common shares of which 12,771,250 are outstanding at September 30, 2011. The Plan provides that:

- i) any options granted pursuant to the Plan shall expire no later than five years after the date of grant;
- ii) any options granted pursuant to the Plan shall be non-assignable and non-transferable;
- iii) the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;
- iv) the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;
- v) the number of common shares issuable pursuant to the Plan to persons employed in investor relation activities may not exceed 2% of the outstanding common shares in any 12 month period.
- vi) the Plan provides that options shall expire and terminate 30 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.
- vii) The number of common shares: (1) reserved for issuance to insiders of the Company may not exceed 20% of the issued and outstanding common shares; and (2) which may be issued to insiders within a one year period may not exceed 20% of the issued and outstanding common shares.

- viii) the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 25% on the date of granting; (2) 25% six months from the date of granting; (3) 25% twelve months from the date of granting; and (4) 25% eighteen months from the date of granting.

(e) Shareholder Rights Plan

The Company has adopted a shareholder rights plan (the “Rights Plan”) to ensure the fair treatment of all Company shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Rights Plan will provide the Company’s shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan also provides the board of directors of the Company with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders are deemed to be “Permitted Bids”. A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, in addition to certain other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the plan will entitle shareholders, other than any shareholder or shareholders involved in the take-over bid, to purchase additional common shares of the Company at a significant discount to the market price of the common shares at that time.

10. RELATED PARTY TRANSACTIONS:

The Company paid or accrued the following amounts to related parties during the three month period ended September 30, 2011 and September 30, 2010:

Payee	Description of Relationship	Nature of Transaction	Sept. 30, 2011 Amount (\$)	Sept. 30, 2010 Amount (\$)
Stares Contracting Corp.	Company controlled by Stephen Stares, Director and Officer and Michael Stares, Director	Payments for office rental costs included in general and administrative expenses	17,271	17,186
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Director and Officer	Legal fees charged/accrued during the period	20,000	46,867
Stares Prospecting	Company controlled by Alexander Stares, Brother of Stephen and Michael Stares	Prospecting services	12,360	15,662

The purchases from and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the 2010 fiscal year, the Company received \$13,500 in proceeds for the sale of certain exploration equipment to Rare Earth Metals Inc., a company related by common directorship. In addition, the Company received \$5,277 during fiscal 2011 from Rare Earth Metals Inc. for reimbursement of common office expenses associated with shared premises.

During the 2011 fiscal year, the Company accrued director fees to one of its directors totaling \$12,500 for services rendered on the Company's Audit Committee. The director is to receive \$2,500 per quarter and the accrual included amounts from the previous year. The fees were paid to the director subsequent to the three month period ended September 30, 2011. The Company accrued \$2,500 in director fees during the three month period ended September 30, 2011 and were paid subsequently.

Included in accounts payable and accrued liabilities is \$4,276 (2010 - \$4,385) to Stares Contracting Corp. and \$20,000 (2010 - \$nil) to Gordon J. Fretwell Law Corporation. The repayment terms are similar to the repayment terms of non-related party trade payables.

Key management personnel remuneration during the period included \$131,191 (September 30, 2010 - \$139,438) in salaries and benefits and \$nil (September 30, 2010 - \$338,960) in share-based payments.

11. NET EARNINGS (LOSS) PER SHARE:

Basic net earnings (loss) per share figures was calculated using the weighted average number of common shares for the respective periods. The diluted net earnings per share was calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options and warrants.

	September 30, 2011	September 30, 2010
Weighted average number of shares:		
Basic	76,332,390	75,142,183
Diluted	77,457,010	77,218,353

12. INCOME TAXES:

(a) Provision for Current Income Taxes

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 29.26% (September 30, 2010 – 30%).

	<u>September 30,</u> <u>2011</u> \$	<u>September 30,</u> <u>2010</u> \$
Net income (loss) before taxes	(6,134,706)	3,235,378
<u>Income tax expense reconciliation</u>		
Expected income tax expense (recovery) calculated using statutory rates	(1,795,015)	970,613
Tax effect of the following items:		
Non-deductible stock based compensation	186,107	102,449
Non-deductible expenses and other items	221,478	44,881
Non-deductible write-down of mineral properties	4,548	-
Adjustment to fair market value of held for trading investments	1,286,856	(1,211,726)
CCA and share issue costs deducted	(23,457)	-
Recognized impact of future tax liabilities (assets)	(1,024,112)	23,284
Change in effective tax rates	154,954	(7,360)
Resource deductions claimed	(406,944)	-
Expected income tax expense (recovery) calculated for tax purposes	(1,395,585)	(77,859)
Valuation allowance	-	-
Income tax expense (recovery)	<u>(1,395,585)</u>	<u>(77,859)</u>
Income tax expense (recovery) consists of:		
Current income taxes	(520,575)	-
Future income taxes	(875,010)	(77,859)
	<u>(1,395,585)</u>	<u>(77,859)</u>

(b) Future Tax Balances

The tax effect of temporary differences that give rise to future income tax assets and future income tax liabilities at the combined Canadian federal and provincial statutory tax rates are as follows:

	<u>September 30,</u> <u>2011</u> \$	<u>June 30,</u> <u>2011</u> \$
Future tax assets (liabilities) – long term		
Share issue costs	65,381	81,574
Non-capital losses	-	-
Property and equipment	12,499	14,682
Investments	(89,304)	(1,326,501)
Deferred development expenditures	(2,101,690)	(1,757,879)
Valuation allowance	-	-
Net future income tax liability	<u>(2,113,114)</u>	<u>(2,988,124)</u>

(c) Income Tax Information

The company has common share issue costs of approximately \$261,522 and non-capital losses of \$nil available to reduce taxable income in future years:

<u>Year of Loss</u>	<u>Amount \$</u>	<u>Available To</u>
2004	-	2014
2005	227,230	2015
2006	669,486	2026
2007	1,200,650	2027
2008	1,000,470	2028
2009	-	2029
2010	526,209	2030
2011 - claimed	<u>(3,624,045)</u>	
	<u>-</u>	

13. SHARE-BASED PAYMENTS:

The Company applies the fair value method of accounting for share-based payments to directors, officers, employees and non-employees and accordingly \$636,047 is recorded as share-based payments and under reserves as equity settled benefits for the 3,071,875 options vesting to directors, officers, and employees during the period. The fair value of the options vesting below during the period ended September 30, 2011 was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

<u>Grant Date</u>	<u># of Options Vested</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Fair Value of Option</u>	<u>Dividend Yield</u>	<u>Volatility</u>	<u>Risk-free Interest Rate</u>	<u>Expected Life</u>
March 17, 2010	130,800	\$0.56	March 17, 2015	\$0.44	0%	104%	2.46%	5 yrs
April 1, 2010	839	\$0.56	April 1, 2015	\$0.37	0%	104%	1.97%	5 yrs
April 15, 2011	754,283	\$1.12	April 15, 2016	\$0.77	0%	97%	2.35%	5 yrs
	<u>885,922</u>							

14. SUPPLEMENTAL CASH FLOW INFORMATION:

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities:

	<u>Sept. 30, 2011</u>	<u>June 30, 2011</u>
<i>Non-cash financing activities</i>		
Common shares issued for mineral property option	-	358,770
<i>Non-cash investing activities</i>		
Mineral property financed through common share issuance	-	(358,770)

15. CAPITAL DISCLOSURES:

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short term working capital requirements, and its planned exploration and development program expenditure

requirement. The capital structure of the Company is composed of working capital and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the period.

In order to maintain or adjust the capital structure, the Company considers the following:

- i) incremental investment and acquisition opportunities;
- ii) equity and debt capital available from capital markets;
- iii) equity and debt credit that may be obtainable from the marketplace as a result of growth in mineral reserves;
- iv) availability of other sources of debt with different characteristics than the existing bank debt;
- v) the sale of assets;
- vi) limiting the size of the investment program; and
- vii) new share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at September 30, 2011.

16. FINANCIAL RISK MANAGEMENT:

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk and liquidity risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash, temporary investments, accounts and other receivables and refundable security deposits. The Company's cash is held through a large Canadian Financial Institution. The temporary investments are held through major Canadian Financial Institutions with only the highest credit quality as determined by rating agencies. The temporary investments are available for cash requirement purposes at the request of the Company. Refundable security deposits are held by the Government of Newfoundland. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

(b) 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. While management feels the risk of capital loss on its temporary investments is remote given its investment in only highly rated, investment grade fixed income securities with reputable Canadian financial institutions, the income derived from these securities can fluctuate as a result of changes in interest rates upon reinvestment of matured funds. The Company's temporary investments are purchased at fixed interest rates and are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates. At September 30, 2011, a 1% change in yields on the Company's short term investments would result in an approximate \$103,000 (June 30, 2011 - \$123,000) change in interest income per annum.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash and temporary investments are always available to settle financial liabilities. At September 30, 2011, the Company had cash on hand of \$462,411 (June 30, 2011 - \$57,517) and temporary investments available to the Company of \$10,300,785 (June 30, 2011 - \$12,320,836) to settle current liabilities of \$1,422,957 (June 30, 2011 - \$1,516,430). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. All of the Company's operations are in Canada; therefore, management believes the foreign exchange risk derived from any currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(e) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and equity price risk. The fair value of the Company's long term investments are impacted by changes in the quoted market price of the underlying issuer's securities with the resulting change impacting net income.

17. REFUNDABLE SECURITY DEPOSITS:

Refundable security deposits of \$167,036 (June 30, 2011 - \$73,482) represents security deposits paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These refundable security deposits are refundable to the Company upon submission by the Company of a report covering the first year work requirements, which meets the requirements of the Government of Newfoundland and Labrador.

18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS:

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

The accounting policies in note 2 have been applied in preparing the condensed consolidated interim financial statements for the three months ended September 30, 2011, the comparative information for the three months ended September 30, 2010, the financial statements for the year ended June 30, 2011 and the preparation of an opening IFRS statement of financial position on the Transition Date, July 1, 2010.

In preparing its opening IFRS statement of financial position, comparative information for the three months ended September 30, 2010 and financial statements for the year ended June 30, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with GAAP.

An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exception for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- Business combinations
To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that occurred prior to July 1, 2010.
- Share-based payment transactions
To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- IAS 27 – Consolidated and separate financial statements
To apply IAS 27 Consolidated and Separate Financial Statements prospectively, as the Company has elected to apply IFRS 3 Business Combinations prospectively.
- Restoration, rehabilitation and environmental obligations
The company has elected to apply the exemption from full retrospective application of decommissioning provisions allowed under IFRS 1. As a result, the company has re-measured the provisions at July 1, 2010

under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose.

- **IFRIC 4 Determining Whether an Arrangement Contains a Lease**
The Company has elected to apply the transition provisions of IFRIC 4 Determining Whether an Arrangement Contains a Lease, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date. The Company has no leases.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those made under Canadian GAAP.

With respect to mandatory exceptions to retrospective application, hindsight was not used to create or revise estimates and, accordingly, the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

Reconciliation of Assets, Liabilities and Shareholders' Equity

	As at July 1, 2010			
	GAAP	Effect of transition to IFRS	IFRS	
	\$	\$	\$	
ASSETS				
Current				
Cash	151,133	-		151,133
Temporary investments	8,931,276	-		8,931,276
Accounts and other receivables	152,146	-		152,146
Prepaid expenses	23,868	-		23,868
Refundable security deposits	46,325	-		46,325
	9,304,748	-		9,304,748
Long-term investments	2,993,929	-		2,993,929
Property and equipment, net	133,832	-		133,832
Exploration and evaluation assets	13,298,323	-		13,298,323
Investment in Coro Mining Corp.	6,122,431	222,307	a	6,344,738
	31,853,263	222,307		32,075,570
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Current				
Accounts payable and accrued liabilities	142,028	-		142,028
Deferred income tax liability	743,688	55,577	a	799,265
	885,716	55,577		941,293
Shareholders' Equity				
Capital Stock				
Share capital	30,621,168	(1,122,475)	b	29,498,693
Warrants	67,730	(67,730)	c	-
Contributed Surplus	9,513,489	(9,513,489)	c	-
Reserves	-	9,581,219	c	9,581,219
Deficit	(9,234,840)	1,289,205	a,b	(7,945,635)
	30,967,547	166,730		31,134,277
	31,853,263	222,307		32,075,570

Reconciliation of Assets, Liabilities and Shareholders' Equity

	As at September 30, 2010			
	GAAP	Effect of transition to IFRS	Notes	IFRS
	\$	\$		\$
ASSETS				
Current				
Cash	255,398	-		255,398
Temporary investments	13,260,150	-		13,260,150
Accounts and other receivables	327,951	-		327,951
Prepaid expenses	14,047	-		14,047
Refundable security deposits	46,325	-		46,325
	13,903,871	-		13,903,871
Long-term investments	959,224	-		959,224
Property and equipment, net	127,925	-		127,925
Exploration and evaluation assets	14,416,008	-		14,416,008
Investment in Coro Mining Corp.	5,972,848	233,877	a	6,206,725
	35,379,876	233,877		35,613,753
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Current				
Accounts payable and accrued liabilities	98,536	-		98,536
Deferred income tax liability	662,936	58,470	a	721,406
	761,472	58,470		819,942
Shareholders' Equity				
Capital Stock				
Share capital	30,625,968	(1,122,475)	b	29,503,493
Warrants	67,730	(67,730)	c	-
Contributed Surplus	9,854,986	(9,854,986)	c	-
Reserves	-	9,922,716	c	9,922,716
Deficit	(5,930,280)	1,297,882	a,b	(4,632,398)
	34,618,404	175,407		34,793,811
	35,379,876	233,877		35,613,753

Reconciliation of Assets, Liabilities and Shareholders' Equity

	As at June 30, 2011			
	GAAP	Effect of transition to IFRS	Notes	IFRS
	\$	\$		\$
ASSETS				
Current				
Cash	57,517	-		57,517
Temporary investments	12,320,836	-		12,320,836
Accounts and other receivables	312,203	-		312,203
Prepaid expenses	56,043	-		56,043
Refundable security deposits	73,482	-		73,482
	12,820,081	-		12,820,081
Long-term investments	13,239,463	-		13,239,463
Property and equipment, net	144,866	-		144,866
Exploration and evaluation assets	7,031,514	-		7,031,514
Investment in Coro Mining Corp.	13,979,112	743,017	a	14,722,129
	47,215,036	743,017		47,958,053
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Current				
Accounts payable and accrued liabilities	105,863	-		105,863
Income taxes payable	1,410,567	-		1,410,567
	1,516,430	-		1,516,430
Deferred income tax liability	2,802,369	185,755	a	2,988,124
	4,318,799	185,755		4,504,554
Shareholders' Equity				
Capital Stock				
Share capital	31,319,636	(1,122,475)	b	30,197,161
Contributed Surplus	9,716,971	(9,716,971)	c	-
Reserves	-	9,716,971	c	9,716,971
Retained earnings	1,859,630	1,679,737	a,b	3,539,367
	42,896,237	557,262		43,453,499
	47,215,036	743,017		47,958,053

Reconciliation of Income and Comprehensive Income

	Three months ended September 30, 2010		
	Effect of transition to IFRS		
	GAAP	IFRS	IFRS
	\$	\$	\$
		Notes	
EXPENSES			
Advertising and promotion	95,595	-	95,595
Share-based payments	341,497	-	341,497
Consulting fees	50,000	-	50,000
General and administrative	203,557	-	203,557
Professional fees	8,876	-	8,876
Depreciation expense	10,107	-	10,107
	(709,632)	-	(709,632)
Other income (expense):			
Interest income	43,938	-	43,938
Adjustment to fair market value for held-for-trading investments	4,039,085	-	4,039,085
Equity and dilution losses	(149,583)	11,570	a (138,013)
	3,933,440	11,570	3,945,010
Income before income taxes	3,223,808	11,570	3,235,378
Recovery of deferred income taxes	80,752	(2,893)	a 77,859
Income and comprehensive income for the period	3,304,560	8,677	3,313,237

Reconciliation of Income and Comprehensive Income

	Year ended June 30, 2011		
	GAAP	Effect of transition to IFRS	IFRS
	\$	\$	\$
EXPENSES			
Advertising and promotion	308,753	-	308,753
Share-based payments	1,799,614	-	1,799,614
Consulting fees	50,125	-	50,125
General and administrative	928,948	-	928,948
Professional fees	112,098	-	112,098
Stock exchange and filing fees	19,153	-	19,153
Depreciation expense	49,819	-	49,819
	(3,268,510)	-	(3,268,510)
Other income (expense):			
Interest income	241,839	-	241,839
Adjustment to fair market value for held-for-trading investments	5,720,821	-	5,720,821
Gain on sale of investments	209,256	-	209,256
Gain on sale of exploration and evaluation assets	11,023,239	-	11,023,239
Write-down of exploration and evaluation assets	(2,587,246)	-	(2,587,246)
Equity and dilution gains	3,224,319	520,710	3,745,029
	17,832,228	520,710	18,352,938
Income before income taxes	14,563,718	520,710	15,084,428
Current income tax expense	(1,410,567)	-	(1,410,567)
Deferred income tax expense	(2,058,681)	(130,178)	(2,188,859)
Income and comprehensive income for the period	11,094,470	390,532	11,485,002

Reconciliation of Cash Flows

	Three months ended September 30, 2010		
	GAAP	Effect of transition to IFRS	IFRS
	\$	\$	\$
		Notes	
CASH FLOWS FROM (USED IN):			
OPERATING ACTIVITIES			
Income and comprehensive income for the period	3,304,560	8,677	a 3,313,237
Recovery of deferred income taxes	(80,752)	2,893	a (77,859)
Unrealized change in fair market value of investments	(4,039,085)	-	(4,039,085)
Depreciation expense	10,107	-	10,107
Share-based payments	341,497	-	341,497
Equity and dilution losses	149,583	(11,570)	a 138,013
Net change in non-cash working capital balances related to operating activities	(62,262)	-	(62,262)
Cash flows used in operating activities	(376,352)	-	(376,352)
INVESTING ACTIVITIES			
Exploration and evaluation expenditures	(1,112,885)	-	(1,112,885)
Purchase of property and equipment	(4,200)	-	(4,200)
Net redemption of fixed income investments	1,744,916	-	1,744,916
Net change in non-cash working capital balances related to investing activities	(147,214)	-	(147,214)
Cash flows used in investing activities	480,617	-	480,617
Increase in cash	104,265	-	104,265
Cash - beginning of period	151,133	-	151,133
Cash - end of period	255,398	-	255,398

Reconciliation of Cash Flows

	Year ended June 30, 2011			
	GAAP	Effect of transition to IFRS	Notes	IFRS
	\$	\$		\$
CASH FLOWS FROM (USED IN):				
OPERATING ACTIVITIES				
Income and comprehensive income for the year	11,094,470	390,532	a	11,485,002
Deferred income tax expense	2,058,681	130,178	a	2,188,859
Write-down of exploration and evaluation assets	2,587,246	-		2,587,246
Unrealized change in fair market value of investments	(5,720,821)	-		(5,720,821)
Depreciation expense	49,819	-		49,819
Share-based payments	1,799,614	-		1,799,614
Equity and dilution gains losses	(3,224,319)	(520,710)	a	(3,745,029)
Gain on sale of mineral property option	(11,023,239)	-		(11,023,239)
Net change in non-cash working capital balances related to operating activities	1,334,227	-		1,334,227
Cash flows used in operating activities	(1,044,322)	-		(1,044,322)
FINANCING ACTIVITIES				
Proceeds from the exercise of stock options	793,500	-		793,500
Proceeds from the exercise of share purchase warrants	168,000	-		168,000
Shares purchased and cancelled under normal course issuer bid	(2,285,664)	-		(2,285,664)
Cash flows used in financing activities	(1,324,164)	-		(1,324,164)
INVESTING ACTIVITIES				
Exploration and evaluation expenditures	(2,403,635)	-		(2,403,635)
Purchase of property and equipment	(60,853)	-		(60,853)
Purchase of shares pursuant to warrant exercise	(4,553,295)	-		(4,553,295)
Investment in Coro Mining Corp. and other equities	(377,787)	-		(377,787)
Proceeds on sale of exploration and evaluation assets	7,025,000	-		7,025,000
Net purchase of fixed income investments	(3,640,031)	-		(3,640,031)
Gain on sale of investments	(209,256)	-		(209,256)
Proceeds from sale of long-term investments	6,673,941	-		6,673,941
Net change in non-cash working capital balances related to investing activities	(179,214)	-		(179,214)
Cash flows provided by investing activities	2,274,870	-		2,274,870
Decrease in cash	(93,616)	-		(93,616)
Cash - beginning of year	151,133	-		151,133
Cash - end of year	57,517	-		57,517

Notes to Reconciliation:

[a] Investments in associates

IFRS requires that the investor's financial statements to be prepared using uniform accounting policies for like transactions and events in similar circumstances. If an associate uses accounting policies other than those of the investor for like transactions and events in similar circumstances, adjustments shall be made to conform the associate's accounting policies to those of the investor when the associate's financial statements are used by the investor in applying the equity method.

The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement. This policy differs from that of its associate, Coro Mining Corp. whereby Coro expenses exploration and evaluation costs in the period incurred.

As a result of the adoption of IFRS, the company was required to adjust Coro's profit and loss figure for the purposes of applying the equity method from the period of initial acquisition by the Company of the investment for exploration and evaluation costs that were expensed net of writedowns by Coro that would have otherwise been deferred and capitalized under the Company's accounting policy. The result was a change to both the carrying amount of the equity accounted investment and the net equity gains or losses that were charged to income in each period. In addition, the deferred tax differences that resulted from the change to the carrying amount of the investment were also adjusted in the transition to IFRS.

[b] Deferred flow through premium

Under GAAP, the Company, in accounting for flow through funds received, recorded the funds to share capital. IFRS requires that excess to market value upon issuance of flow through common shares be recorded in the statement of loss and comprehensive loss (deferred liability for flow through raised funds at time of issuance of flow through common shares and charged to the statement of loss and comprehensive loss as the necessary expenditures to be renounced under flow through common share agreements are spent). The Company had all flow through funds both expensed and renounced prior to the date of transition and as a result, the only adjustment was made at transition between share capital and deficit.

[c] Reclassification within equity section

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company reviewed its contributed surplus account and concluded that as at the Transition Date, the entire amount of \$9,513,489 relates to "Equity settled benefits reserve". As a result, the Company believes a reclassification would be necessary in the equity section between "Contributed surplus" and the "Equity settled benefits reserve" account. For comparatives, as at September 30, 2010, the entire "Contributed surplus" account was reclassified into "Equity settled benefits reserve". Additionally, as at June 30, 2011, "Contributed surplus" account was reclassified as "Equity settled benefits reserve".

19. COMMITMENTS:

The company has commitments as described in note 7 related to mineral properties and deferred development expenditures.