STRONGBOW EXPLORATION INC.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

APRIL 30, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

STRONGBOW EXPLORATION INC.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	April 30, 2011	January 31, 2011	February 1, 2010
ASSETS			
Current			
Cash and equivalents	$ 2,599,163	$ 2,994,120	$ 795,723
Marketable securities (Note 5)	847,833	874,631	1,472,985
Receivables (Note 6)	35,404	33,216	77,724
Prepaid expenses	133,809	59,918	54,297
	3,616,209	3,961,885	2,400,729
Property and equipment (Note 8)	32,107	33,959	41,980
Mineral properties (Note 9)	12,606,032	12,096,800	11,437,427
	$ 16,254,348	$ 16,092,644	$ 13,880,136
LIABILITIES			
Current			
Accounts payable and accrued liabilities (Note 7)	$ 237,907	$ 171,112	$ 132,574
CAPITAL AND RESERVES			
Capital stock (Note 10)	25,300,420	24,809,253	21,512,543
Share-based payment reserve (Note 10)	3,636,337	3,642,543	3,355,186
Investment revaluation reserve	590,354	617,152	800,528
Deficit	(13,510,670)	(13,147,416)	(11,920,695)
	16,016,441	15,921,532	13,747,562
	$ 16,254,348	$ 16,092,644	$ 13,880,136

Nature and continuance of operations (Note 1)
Commitments (Note 13)
IFRS Transition (Note 15)
Subsequent events (Note 16)

Approved and authorized on behalf of the Board on July 11, 2011:

"D. Grenville Thomas" Director *"Kenneth A. Armstrong"* Director

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

STRONGBOW EXPLORATION INC.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED APRIL 30
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	2011	2010
EXPENSES		
Advertising and promotion	$ 45,714	$ 23,045
Depreciation	1,852	4,290
Insurance	10,049	5,428
Office, miscellaneous and rent	21,762	26,719
Professional fees	46,208	17,292
Regulatory and filing fees	11,085	6,461
Salaries and benefits	40,115	31,325
Share-based compensation (Note 10)	191,145	18,171
Loss before other items	(367,930)	(132,731)
OTHER ITEMS		
Write-off of mineral properties (Note 9)	-	(865)
Interest income	4,676	448
Gain on sale of marketable securities (Note 5)	-	12,771
	4,676	12,354
Loss for the period	(363,254)	(120,377)
Reversal of previous unrealized losses on available-for-sale investments sold or written-down	(26,798)	(9,570)
Unrealized gains on available-for-sale financial assets arising during the period	-	374,539
Comprehensive income (loss) for the period	$ (390,052)	$ 244,592
Basic and diluted loss per share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	81,656,721	66,123,463

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

STRONGBOW EXPLORATION INC.
CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED APRIL 30
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (363,254)	$ (120,377)
Items not involving cash:		
Depreciation	1,852	4,290
Share-based compensation	191,145	18,171
Write-off of mineral properties	-	865
Gain on sale of marketable securities	-	(12,771)
Changes in non-cash working capital items:		
(Increase)/decrease in receivables	(7,150)	37,340
(Increase)/decrease in prepaid expenses	(73,891)	20,885
Increase in accounts payable and accrued liabilities	(3,135)	10,695
Net cash used in operating activities	(254,433)	(40,902)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on mineral properties	(487,820)	(113,949)
Recoveries on mineral properties	53,480	19,694
Acquisition of property and equipment	-	(2,849)
Proceeds from sale of marketable securities	-	16,033
Net cash used in investing activities	(434,340)	(81,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	288,781	-
Share issue costs	5,035	-
Net cash provided by financing activities	293,816	-
Change in cash and equivalents during the period	(394,957)	(121,973)
Cash and equivalents, beginning of period	2,994,120	795,723
Cash and equivalents, end of period	$ 2,599,163	$ 673,750
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 12)

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

STRONGBOW EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
APRIL 30, 2011
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital Amount	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
Balance at February 1, 2010	**66,123,463**	**$21,512,543**	**$ 3,355,186**	**$ 800,528**	**$(11,920,695)**	**$13,747,562**
Share-based compensation			18,171			18,171
Loss for period					(120,377)	(120,377)
Investment gain				364,969		364,969
Balance at April 30, 2010	**66,123,463**	**$21,512,543**	**$ 3,373,357**	**$ 1,165,497**	**$(12,041,072)**	**$14,010,325**
Private placement	15,000,000	3,600,000				3,600,000
Share issuance costs		(327,290)	101,810			(225,480)
Shares issued for mineral properties	100,000	24,000				24,000
Share-based compensation			167,376			167,376
Loss for period					(1,106,344)	(1,106,344)
Investment loss				(548,345)		(548,345)
Balance at January 31, 2011	**81,223,463**	**$ 24,809,253**	**$ 3,642,543**	**$ 617,152**	**$ (13,147,416)**	**$ 15,921,532**
Share issuance recoveries/(costs)		5,035				5,035
Shares issued for cash on exercise of options and warrants	772,500	486,132	(197,351)			288,781
Share-based compensation			191,145			191,145
Loss for period					(363,254)	(363,254)
Investment loss				(26,798)		(26,798)
Balance at April 30, 2011	**81,995,963**	**$ 25,300,420**	**$ 3,636,337**	**$ 590,354**	**$ (13,510,670)**	**$ 16,016,441**

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

1. Nature and Continuance of Operations

Strongbow Exploration Inc. or (the "Company") is incorporated federally under the laws of the Canada Business Corporations Act ("CBCA").

The consolidated condensed interim statements and financial position and statements of loss and comprehensive income (loss) of the Company are presented in Canadian dollars, which is the functional currency of the Company. The Company trades on the TSX Venture Exchange, (TSXV – SBW) and its address is Suite 860 – 625 Howe Street, Vancouver, BC, Canada V6C 2T6.

The Company's principal business activity is the acquisition and exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its mineral properties and upon future profitable production.

These consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Basis of Presentation

Statement of Compliance and Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("ASCB") confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company adopted IFRS for the period beginning February 1, 2011 with a transition date of February 1, 2010.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with 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 consolidated condensed statements of financial position and statements of loss and comprehensive income (loss). The disclosures concerning the transition from Canadian GAAP to IFRS are included in Note 15.

3. Significant Accounting Policies

a) Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3. Significant Accounting Policies – *Continued*

a) Significant Accounting Estimates and Judgments - *Continued*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates

Significant assumptions relate to, but are not limited to, the following:

- The carrying value and the recoverability of resource property costs, which are included in the statements of financial position;
- Future site restoration costs;
- The inputs used in accounting for the valuation of warrants on private placements;
- The inputs used in accounting for share-based compensation expense which is included in the statement of comprehensive loss;
- Future income tax asset valuation allowance.

b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Palmetto State Gold Inc. (“Palmetto”), a South Carolina corporation. All inter-company transactions and balances have been eliminated upon consolidation.

c) Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates (“IAS 21”).

These consolidated statements of financial position have been translated to the Canadian dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the statements of comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company’s presentation currency is the Canadian dollar (“$”).

d) Share-based compensation

The Company grants share purchase options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of the options is measured at the grant date, using the Black-Scholes option pricing model. The fair value of the share purchase options considers the terms and conditions upon which the share purchase options were granted. The fair value of the options granted is recognized as a share-based payment expense with a corresponding increase in equity. The

3. Significant Accounting Policies - *Continued*

d) Share-based compensation - *Continued*

fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

e) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the period end and, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit
- goodwill

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Loss per share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in the diluted loss per share by application of the treasury stock method.

g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of an asset is comprised of its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. In situations

3. Significant Accounting Policies - *Continued*

g) Property and equipment - *Continued*

where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided for annually at the following rates:

Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Software	1 year straight-line
Leasehold improvements	Term of the lease

The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of property and equipment are included in the statement of comprehensive loss in the period of retirement or disposal.

h) Resource property costs

Exploration costs are capitalized under tangible assets on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditure is transferred to tangible assets and depreciated over the expected productive life of the asset. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for deferred exploration and evaluation costs is carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

3. Significant Accounting Policies - *Continued*

h) Resource property costs - *Continued*

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties is in good standing.

i) Impairment

At the end of each reporting period 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 value 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 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 an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where 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 to an amount that 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.

j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

k) Financial Instruments

Financial instruments are classified into one of the following categories:

- financial instruments at fair value through profit or loss ("FVTPL");
- available for sale ("AFS") financial instruments;
- held-to-maturity investments;
- loans and receivables; and
- other financial liabilities

The classification is determined at initial recognition and depends on the nature and purpose of the financial instrument.

(i) Financial instruments at FVTPL

Financial instruments are classified as FVTPL when the financial instrument is held for trading or it is designated as FVTPL.

A financial instrument is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant Accounting Policies - *Continued*

k) Financial Instruments - *Continued*

Financial instruments classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial instrument.

(ii) AFS financial instruments

Investments held by the Company that are classified as AFS are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve. Interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences due to a change in amortized cost of the asset is recognized in profit or loss, while all other changes are recognized in equity.

The Company has classified its marketable securities as AFS.

(iii) Held-to-maturity investments

Investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has classified receivables as loans and receivables.

(v) 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 income statement.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

3. Significant Accounting Policies - *Continued*

k) Financial Instruments - *Continued*

The Company has classified accounts payable and accrued liabilities as other financial liabilities.

(vi) Effective interest method

The effective interest method calculates the amortized cost of a financial instrument and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instrument, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial instruments classified as FVTPL.

(vii) Impairment of financial assets

Financial instruments, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial instruments are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial instrument, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial instruments carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial instrument's original effective interest rate.

The carrying amount of all financial instruments, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial instrument cannot exceed its amortized cost had impairment not been recognized.

(viii) Derecognition of financial assets

A financial instrument is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial instrument and all risks and rewards of ownership to another entity.

(ix) Derecognition of financial liabilities

Financial liabilities are derecognized when the Company's obligations are discharged, cancelled or they expire.

3. Significant Accounting Policies - *Continued*

l) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development 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, along with a corresponding liability as soon as the obligation to incur such costs arises.

The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

m) Flow-through shares

The Company can issue flow-through shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company derecognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used for only Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part X11.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

n) Marketable Securities

Marketable securities are measured at fair value and consist of shares listed on the TSX Venture Exchange.

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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, and accounts payable and accrued liabilities. Cash and equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Marketable securities are recorded at fair value based on the quoted market prices in active markets at the balance sheet date, which is consistent with level 1 of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risks, foreign currency risk, and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with investment grade ratings, issued by a Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash and equivalents.

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. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash and equivalents is limited because these investments, although readily convertible into cash, are generally held to maturity.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties. As at April 30, 2011, the Company had cash and equivalents of $2,599,163 available to settle current liabilities of $237,907.

Foreign Currency Risk

The Company has some exposure to foreign currency risk with its acquisition of mineral properties in the United States however; the majority of its assets and liabilities are denominated in Canadian dollars. The Company's exploration activities and ongoing land tenure expense in the United States make it subject to foreign currency fluctuations, which may affect the Company's financial position, and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US dollar. The Company does not presently invest in foreign currency contracts to mitigate this risk. It is management's opinion that the Company is not exposed to significant foreign currency risk arising from these financial instruments.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT- *Continued*

Equity market risk

The Company is exposed to equity price risk arising from its marketable securities, which are classified as available-for-sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

5. MARKETABLE SECURITIES

	April 30, 2011			January 31, 2011		
	Cost	**Unrealized Gain***	**Fair Market Value**	Cost	Unrealized Gain*	Fair Market Value
Various public companies	**$ 16,500**	**$ 12,000**	**$ 28,500**	$ 16,500	$ 14,699	$ 31,199
North Arrow Minerals Inc.	**240,979**	**578,354**	**819,333**	240,979	602,453	843,432
	$ 257,479	**$ 590,354**	**$ 847,833**	$257,479	$ 617,152	$ 874,631

*before future income taxes

North Arrow Minerals Inc. ("North Arrow") and the Company are related by virtue of two common directors.

During the three months ended April 30, 2010, the Company received gross proceeds of $16,033 from the sale of marketable securities and recognized a gain on sale of $12,771.

6. RECEIVABLES

	April 30, 2011	January 31, 2011	February 1, 2010
HST/GST receivables	$ 12,184	$ 3,841	$ 3,874
Trade receivables	3,439	4,248	3,848
Related party receivables	19,781	25,127	70,002
Total	$ 35,404	$ 33,216	$ 77,724

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2011	January 31, 2011	February 1, 2010
Trade payables	$ 150,110	$ 98,036	$ 28,645
Accrued liabilities	87,797	73,076	103,929
Total	$ 237,907	$ 171,112	$ 132,574

.

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Furniture and Equipment	Computer Equipment	Software	Leasehold Improvements	Total
Cost					
Balance at February 1, 2010	**$ 43,041**	**$ 116,545**	**$ 41,274**	**$ 32,072**	**$ 232,932**
Additions	-	8,794	1,258	-	10,052
Disposals	-	-	-	-	-
Balance at January 31, 2011	**43,041**	**125,339**	**42,532**	**32,072**	**242,984**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at April 30, 2011	**$ 43,041**	**$ 125,339**	**$ 42,532**	**$ 32,072**	**$ 242,984**

	Furniture and Equipment	Computer Equipment	Software	Leasehold Improvements	Total
Accumulated Depreciation					
Balance at February 1, 2010	**$ 35,748**	**$ 87,944**	**$ 41,274**	**$ 25,986**	**$ 190,952**
Depreciation	1,459	9,899	629	6,086	18,073
Disposals	-	-	-	-	-
Balance at January 31, 2011	**37,207**	**97,843**	**41,903**	**32,072**	**209,025**
Depreciation	292	1,403	157	-	1,852
Disposals	-	-	-	-	-
Balance at April 30, 2011	**$ 37,499**	**$ 99,246**	**$ 42,060**	**$ 32,072**	**$ 210,877**

	Furniture and Equipment	Computer Equipment	Software	Leasehold Improvements	Total
Net Book Value					
February 1, 2010	**$ 7,293**	**$ 28,601**	**$ -**	**$ 6,086**	**$ 41,980**
January 31, 2011	**$ 5,834**	**$ 27,496**	**$ 629**	**$ -**	**$ 33,959**
April 30, 2011	**$ 5,542**	**$ 26,093**	**$ 472**	**$ -**	**$ 32,107**

(Expressed in Canadian Dollars)

9. MINERAL PROPERTIES

	January 31, 2011	Expended During The Period	Write-off of Costs and Recoveries	**April 30, 2011**
Gold and Base Metal Properties, British Columbia				
Exploration costs	**$ 50,693**	$ 659	$ (3,209)	**$ 48,143**
Acquisition costs	**83,090**	-	-	**83,090**
Geological and assays	**128,106**	-	(8,557)	**119,549**
Office and salaries	**606,195**	10,402	(41,714)	**574,883**
	868,084	11,061	(53,480)	**825,665**
Gold and Base Metal Properties, NWT& NU				
Exploration costs	**7,420,874**	1,355	-	**7,422,229**
Acquisition costs	**82,657**	-	-	**82,657**
Geological and assays	**252,728**	-	-	**252,728**
Office and salaries	**1,120,581**	429	-	**1,121,010**
	8,876,840	1,784	-	**8,878,624**
Gold and Base Metal Properties, Saskatchewan				
Exploration costs	**1,136,089**	-	-	**1,136,089**
Acquisition costs	**84,387**	-	-	**84,387**
Geological and assays	**20,161**	-	-	**20,161**
Office and salaries	**234,324**	15	-	**234,339**
	1,474,961	15	-	**1,474,976**
Gold and Base Metal Properties, USA				
Exploration costs	**235,854**	213,019	-	**448,873**
Acquisition costs	**375,025**	155,782	-	**530,807**
Geological and assays	**52,247**	32,341	-	**84,588**
Office and salaries	**213,789**	147,979	-	**361,768**
	876,915	549,121	-	**1,426,036**
Other Exploration and Generative Exploration				
Exploration costs	-	51	-	**51**
Acquisition costs	-	413	-	**413**
Geological and assays	-	-	-	-
Office and salaries	-	267	-	**267**
	-	731	-	**731**
TOTAL	**$ 12,096,800**	**$ 562,712**	**$ (53,480)**	**$ 12,606,032**

During the three months ended April 30, 2011, the Company wrote-off $Nil (April 30, 2010 - $46,625) relating to certain properties and, recorded recoveries for B.C. mineral exploration tax credits of $53,480 (April 30, 2010 – $17,792) and other recoveries of $Nil (April 30, 2010 - $1,902).

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

9. MINERAL PROPERTIES - *Continued*

Gold and Base Metal Properties, British Columbia

The Company maintains interests in various gold and base metal properties in B.C. in addition to the properties described below.

Shovelnose Properties

The Company acquired, by staking, a 100% interest in certain mineral claims comprising the Shovelnose property in October 2005. The Company expanded the Shovelnose property by staking additional mineral claims in November 2008.

In January 2011, the Company signed an option agreement with Westhaven Ventures Inc. ("Westhaven"), whereby Westhaven can earn up to a 70% interest in the Company's Shovelnose property. A director of the Company, is also a director of Westhaven. Under terms of the option agreement, Westhaven can earn an initial 51% interest in the Shovelnose property by i) incurring $1.5 million in exploration expenditures over a three year period, including a firm commitment to spend $250,000 in the first year of the agreement, and ii) issuing a total of 300,000 common shares to Strongbow including 100,000 common shares within 5 business days of regulatory approval of the option agreement. Within 12 months of having earned its 51% interest in the property, Westhaven will have the option to earn an additional 19% interest (bringing its total property interest to 70%) by i) issuing an additional 500,000 shares to the Company and ii) incurring an additional $1.5 million in exploration expenditures.

Inza Property

In February 2009, the Company acquired a 100% interest in five mineral claims prospective for copper-gold by issuing a total of 250,000 common shares with a fair value of $15,000 to two prospectors. In September 2008 and February 2009, the Company acquired, by staking, a 100% interest in 12 adjacent mineral claims.

In April 2011, the Company and Xstrata Copper Canada ("Xstrata") entered into an agreement whereby Xstrata may earn up to a 75% interest in the Inza Properties. Under the terms of the agreement, Xstrata may earn an initial 51% interest by making staged cash payments to the Company totalling $100,000 and incurring cumulative exploration expenditures totalling $1.1 million over a 4 year period. Upon vesting at a 51% interest in the property, a joint venture will be formed and Xstrata will maintain the right to earn a further 24% interest (75% interest total) by funding the completion of a pre-feasibility study and a feasibility study or incurring $20 million in expenditures towards the completion of a prefeasibility study and a feasibility study on the property.

Gold and Base Metal Properties, Northwest Territories and Nunavut

The Company maintains interests in various gold and base metal properties in the Northwest Territories and Nunavut in addition to the properties described below.

Opescal Lake, NWT

The Company acquired, by staking, a 100% interest in certain mineral claims forming part of the Company's Snowbird nickel project, in December 2006.

Nickel King Project, NWT

The Company holds a 100% interest in a number of mineral claims and mining leases in the southern Northwest Territories. Certain of these mineral claims are subject to a 3% NSR on base and precious metals production and an additional 2% gross overriding royalty ("GOR"). The Company may purchase the entire NSR at any time for $1,500,000 and the Company may purchase one-half (1%) of the GOR at any time for $2,500,000.

Gold and Base Metal Properties, Saskatchewan

The Company maintains a 100% interest in a number of mineral claims in northern Saskatchewan that form part of the Company's Snowbird nickel project, including the Dumas Lake, Heel, Breynat and Opescal Lake (Saskatchewan) properties.

9. MINERAL PROPERTIES - *Continued*

Other Exploration and Generative Exploration, Canada

Other Properties

The Company maintains a number of mineral claims and permits in British Columbia, Saskatchewan, and the Northwest Territories, as part of the Company's ongoing generative exploration programs.

Gold Properties, USA

Midway Gold Project, South Carolina, USA

Between July 2010 and April 2011, the Company entered into twenty-nine property option agreements with private land owners in South Carolina (the "Midway gold project"). The terms of the option agreements include certain annual cash payments to the landowners and the issuance of 100,000 common shares (issued at a value of $24,000). If the option agreement is exercised by the Company, the Company will either purchase each property or enter into a long term mining lease with the property owner. The properties will be subject to a gross overriding royalty to the current land owners.

To maintain the property option agreements in good standing, the Company must make the following payments to landowners over the next six years (all amounts in US Dollars):

2012 - $319,294
2013 - $282,062
2014 - $287,062
2015 - $259,984
2016 - $231,824
2017 - $24,600

Parker Gold Mine, North Carolina, USA

In March 2011, the Company entered into an option agreement to purchase the Parker mine property in North Carolina, USA by making $120,000 in payments to the current owner over a 30 month period, ($80,000 in the first year, which has been paid, and $40,000 in the second year). Upon exercising the option, Palmetto can purchase the property for a maximum price of $10.3 million. The property is subject to a 1.5% gross overriding royalty.

10. CAPITAL STOCK AND RESERVES

Share issuances

There were no share issuances for the three months ended April 30, 2010. For the three months ended April 30, 2011 there were 772,500 shares issued from the exercise of stock options and warrants.

Stock options and warrants

In June 2011, the Company's shareholders approved the Company's Stock Option Plan (the "Plan"), which establishes a rolling number of shares issuable under the plan in the amount of 10% of the Company's issued shares at the date of grant.

Under the terms of the Plan, the exercise price of each option granted cannot be less than the market price at the date of grant, less a discount up to 25% in accordance with the policies of the TSX-V. Options granted can have a term up to five years with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers. Typically, the Company has granted stock options at or above the market price on the grant date, with a vesting period of 25% upon grant and 25% every six months thereafter.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES - *Continued*

Stock options and warrants - *Continued*

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

	Number of Shares		Exercise Price	Number Vested	Expiry Date
Options	510,000	$	0.3696	510,000	September 15, 2011
	990,000		0.6552	990,000	March 29, 2012
	845,000		0.4600	845,000	December 21, 2012
	1,575,000		0.1700	1,575,000	July 26, 2014
	1,760,000		0.2000	880,000	September 23, 2015
	70,000		0.4200	17,500	December 22, 2015
	1,710,000		0.5500	427,500	April 28, 2016
Warrants	462,500	$	0.3500	462,500	November 15, 2011

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2011	6,675,000	$	0.35
Granted	1,710,000		0.55
Expired	(440,000)		0.66
Exercised	(485,000)		0.39
Balance, April 30, 2011	7,460,000	$	0.38
Number of options currently exercisable	5,245,000	$	0.36

	Number of Warrants		Weighted Average Exercise Price
Balance, January 31, 2011	750,000	$	0.35
Exercised	(287,500)		0.35
Balance, April 30, 2011	462,500	$	0.35

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES - *Continued*

Share-based compensation

During the three months ended April 30, 2011, the Company granted 1,710,000 stock options (April 30, 2010 – Nil) with a fair value of $588,023 (April 30, 2010 – $Nil). Total share-based compensation recognized during the three months ended April 30, 2011 was $191,145 (April 30, 2010 – $18,171).

The following weighted average assumptions were used for the Black Scholes valuation of share purchase options granted:

	Three Months Ended April 30, 2011	Three Months Ended April 30, 2010
Risk-free interest rate	2.04%	1.97%
Expected life of options	3 years	3 years
Annualized volatility	100%	100%
Dividend rate	0.00%	0.00%

11. RELATED PARTY TRANSACTIONS

During the three months ended April 30, 2011, the Company charged rent of $6,000 (April 30, 2010 - $6,000) to North Arrow, a company with two common directors.

Included in receivables are amounts due from Stornoway Diamond Corporation ("Stornoway"), a company with one common director, totaling $2,117 (January 31, 2011 - $2,617) for reimbursement of exploration, and administrative costs paid by the Company on Stornoway's behalf.

Included in receivables are amounts due from North Arrow totaling $17,664 (January 31, 2011 - $22,510) for reimbursement of exploration expenditures and shared administrative expenses paid by the Company on North Arrow's behalf.

The remuneration of directors and other members of key management personnel during the three month period ending April 30, 2011 were as follows:

	Three Months Ended April 30, 2011	Three Months Ended April 30, 2010
Salaries[1]	$ 74,485	$ 62,127
Share-based payments[2]	438,438	-
Total	$ 512,923	$ 62,127

1 – When key management is working specifically on mineral properties their time is capitalized against the mineral property.

2 - Share-based payments are the fair value of options that have been granted to directors and key management personnel.

(Expressed in Canadian Dollars)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

At April 30, 2011, cash and equivalents of $2,599,163 (January 31, 2011 - $2,994,120) consisted of cash on deposit of $106,828 (January 31, 2011 - $151,895) and short term investments of $2,492,335 (January 31, 2011 - $2,842,225).

The significant non-cash transactions for the three months ended April 30, 2011 were:

a) The Company incurring mineral property expenditures of $111,518 that are included in accounts payable and accrued liabilities.

b) The Company has included mineral property recoveries of $3,999 in receivables.

The significant non-cash transactions for the three months ended April 30, 2010 were:

a) The Company incurring mineral property expenditures of $21,608 that are included in accounts payable and accrued liabilities.

b) The Company has included mineral property recoveries of $9,811 in receivables.

13. COMMITMENTS

The Company is committed to minimum future lease payments for office premises through to January 31, 2016 and exploration equipment through to January 31, 2013 as follows:

Fiscal year ending January 31, 2012	$ 64,484
Fiscal year ending January 31, 2013	$ 63,124
Fiscal year ending January 31, 2014	$ 59,047
Fiscal year ending January 31, 2015	$ 59,047
Fiscal year ending January 31, 2016	$ 59,047

The Company's lease costs may be reduced due to recoveries through sub-leases.

14. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities.

The Company's mineral properties are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings and, more recently, asset sales or exploration option agreements, to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, theses consolidated financial statements are the Company's first consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the three months ended April 30, 2011 and 2010, the consolidated financial statements for the year ended January 31, 2011, and the opening IFRS consolidated statement of financial position as at February 1, 2010 (the "Transition Date").

In preparing the opening IFRS consolidated statement of financial position and the consolidated financial statements for the three month period ended April 30, 2011, the Company has adjusted amounts reported previously in consolidated financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position is set out below.

IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1") sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated February 1, 2010:

a) Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3, Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has chosen this election and will apply IFRS 3 to business combinations prospectively from the Transition Date.

b) Share-based Payment Transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005.

c) Estimates

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

Reclassification Within Equity Section

As at February 1, 2010 the "contributed surplus" account was reclassified to "share-based payment reserve" and the "accumulated other comprehensive income" account was reclassified to "investment revaluation reserve" as terminologies differ under IFRS.

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The February 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	February 1, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and equivalents	$ 795,723	$ -	$ 795,723
Marketable securities	1,472,985	-	1,472,985
Receivables	77,724	-	77,724
Prepaid expenses	54,297	-	54,297
	2,400,729	-	2,400,729
Property and equipment	41,980	-	41,980
Mineral properties[1]	11,784,512	(347,085)	11,437,427
	$ 14,227,221	$ (347,085)	$ 13,880,136
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 132,574	$ -	$ 132,574
	132,574	-	132,574
CAPITAL AND RESERVES			
Capital Stock	21,512,543	-	21,512,543
Share-based payment reserve[2]	3,296,908	58,278	3,355,186
Investments revaluation reserve	800,528	-	800,528
Deficit	(11,515,332)	(405,363)	(11,920,695)
	14,094,647	(347,085)	13,747,562
	$ 14,227,221	$ (347,085)	$ 13,880,136

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The February 1, 2010 Canadian GAAP Mineral Property Schedule has been reconciled to IFRS as follows:

	February 1, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Gold and Base Metal Properties, British Columbia			
Exploration costs	$ 331,346	$ (2,905)	$ 328,441
Acquisition costs	90,068	(1,931)	88,137
Geological and assays	120,051	(262)	119,789
Office and salaries	528,768	(27,827)	500,941
	1,070,233	(32,925)	1,037,308
Gold and Base Metal Properties, NWT& NU			
Exploration costs	7,679,405	(222,234)	7,457,171
Acquisition costs	77,194	(242)	76,952
Geological and assays	271,495	(20,764)	250,731
Office and salaries	1,184,782	(58,085)	1,126,697
	9,212,876	(301,325)	8,911,551
Gold and Base Metal Properties, Saskatchewan			
Exploration costs	1,132,540	-	1,132,540
Acquisition costs	84,276	-	84,276
Geological and assays	20,094	-	20,094
Office and salaries	215,110	-	215,110
	1,452,020	-	1,452,020
Other Exploration and Generative Exploration			
Exploration costs	(3,152)	(3,242)	(6,394)
Acquisition costs	10,190	-	10,190
Geological and assays	2,032	(1,864)	168
Office and salaries	40,313	(7,729)	32,584
	49,383	(12,835)	36,548
TOTAL	$ 11,784,512	$ (347,085)	$ 11,437,427

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The April 30, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	April 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and equivalents	$ 673,750	$ -	$ 673,750
Marketable securities	1,834,692	-	1,834,692
Receivables	42,293	-	42,293
Prepaid expenses	33,412	-	33,412
	2,584,147	-	2,584,147
Property and equipment	40,539	-	40,539
Mineral properties[1]	11,812,637	(301,325)	11,511,312
	$ 14,437,323	$ (301,325)	$ 14,135,998
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 125,673	$ -	$ 125,673
	125,673	-	125,673
CAPITAL AND RESERVES			
Capital stock	21,512,543	-	21,512,543
Share-based payment reserve[2]	3,326,749	46,608	3,373,357
Investments revaluation reserve	1,165,497	-	1,165,497
Deficit	(11,693,139)	(347,933)	(12,041,072)
	14,311,650	(301,325)	14,010,325
	$ 14,437,323	$ (301,325)	$ 14,135,998

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The April 30, 2010 Canadian GAAP Mineral Property Schedule has been reconciled to IFRS as follows:

	April 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Gold and Base Metal Properties, British Columbia			
Exploration costs	$ 313,079	$ -	$ 313,079
Acquisition costs	90,349	-	90,349
Geological and assays	119,861	-	119,861
Office and salaries	533,960	-	533,960
	1,057,249	-	1,057,249
Gold and Base Metal Properties, NWT& NU			
Exploration costs	7,676,978	(222,234)	7,454,744
Acquisition costs	77,194	(242)	76,952
Geological and assays	277,062	(20,764)	256,298
Office and salaries	1,214,336	(58,085)	1,156,251
	9,245,570	(301,325)	8,944,245
Gold and Base Metal Properties, Saskatchewan			
Exploration costs	1,133,998	-	1,133,998
Acquisition costs	84,387	-	84,387
Geological and assays	20,160	-	20,160
Office and salaries	222,310	-	222,310
	1,460,855	-	1,460,855
Other Exploration and Generative Exploration			
Exploration costs	(5,185)	-	(5,185)
Acquisition costs	10,484	-	10,484
Geological and assays	345	-	345
Office and salaries	43,319	-	43,319
	48,963	-	48,963
TOTAL	$ 11,812,637	$ (301,325)	$ 11,511,312

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The January 31, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	January 31, 2011		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and equivalents	$ 2,994,120	$ -	$ 2,994,120
Marketable securities	874,631	-	874,631
Receivables	33,216	-	33,216
Prepaid expenses	59,918	-	59,918
	3,961,885		3,961,885
Property and equipment	33,959	-	33,959
Mineral Properties[1]	12,414,460	(317,660)	12,096,800
	$ 16,410,304	$ (317,660)	$ 16,092,644
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 171,112	$ -	$ 171,112
	171,112	-	171,112
CAPITAL AND RESERVES			
Capital Stock	24,809,253	-	24,809,253
Share-based payment reserve [2]	3,571,488	71,055	3,642,543
Investments revaluation reserve	617,152	-	617,152
Deficit	(12,758,701)	(388,715)	(13,147,416)
	16,239,192	(317,660)	15,921,532
	$ 16,410,304	$ (317,660)	$ 16,092,644

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The January 31, 2011 Canadian GAAP Mineral Property Schedule has been reconciled to IFRS as follows:

	January 31, 2011		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Gold and Base Metal Properties, British Columbia			
Exploration costs	$ 50,693	$ -	$ 50,693
Acquisition costs	83,090	-	83,090
Geological and assays	128,106	-	128,106
Office and salaries	606,195	-	606,195
	868,084	-	868,084
Gold and Base Metal Properties, NWT& NU			
Exploration costs	7,643,108	(222,234)	7,420,874
Acquisition costs	82,899	(242)	82,657
Geological and assays	273,492	(20,764)	252,728
Office and salaries	1,178,666	(58,085)	1,120,581
	9,178,165	(301,325)	8,876,840
Gold and Base Metal Properties, Saskatchewan			
Exploration costs	1,136,089	-	1,136,089
Acquisition costs	84,387	-	84,387
Geological and assays	20,161	-	20,161
Office and salaries	234,324	-	234,324
	1,474,961	-	1,474,961
Gold and Base Metal Properties, USA			
Exploration costs	242,921	(7,067)	235,854
Acquisition costs	375,025	-	375,025
Geological and assays	53,587	(1,340)	52,247
Office and salaries	221,717	(7,928)	213,789
	893,250	(16,335)	876,915
TOTAL	$ 12,414,460	$ (317,660)	$ 12,096,800

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The Canadian GAAP statement of loss and comprehensive loss for the year ending January 31, 2011 has been reconciled to IFRS as follows:

	Year Ended January 31, 2011		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses			
Administration fees	$ 78,642	$ -	$ 78,642
Depreciation	18,073	-	18,073
Insurance	26,069	-	26,069
Office, miscellaneous and rent	94,372	-	94,372
Professional fees	143,118	-	143,118
Property investigation costs[1]	-	16,335	16,335
Regulatory and filing fees	15,796	-	15,796
Salaries and benefits	260,696	-	260,696
Share-based compensation[2]	172,770	12,777	185,547
Loss before other items	(809,536)	(29,112)	(838,648)
Other Items			
Write-off of mineral properties[1]	(523,561)	45,760	(477,801)
Interest income	8,840	-	8,840
Gain on sale of marketable securities	80,888	-	80,888
	(433,833)	45,760	(388,073)
Loss for the year	(1,243,369)	(16,648)	(1,226,721)
Reversal of previous unrealized losses on available-for-sale investments sold or written-down	(212,775)	-	(212,775)
Unrealized gains on available-for-sale financial assets arising during the year	29,399	-	29,399
Comprehensive loss for the year	$ (1,426,745)	$ 16,648	$ (1,410,097)

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The Canadian GAAP statement of comprehensive loss for the quarter ending April 30, 2010 has been reconciled to IFRS as follows:

	3 Months Ended April 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses			
Administration fees	$ 23,045	$ -	$ 23,045
Depreciation	4,290	-	4,290
Insurance	5,428	-	5,428
Office, miscellaneous and rent	26,719	-	26,719
Professional fees	17,292	-	17,292
Regulatory and filing fees	6,461	-	6,461
Salaries and benefits	31,325	-	31,325
Share-based compensation[2]	29,841	(11,670)	18,171
Loss before other items	(144,401)	11,670	(132,731)
Other Items			
Write-off of mineral properties[1]	(46,625)	45,760	(865)
Interest income	448	-	448
Gain on sale of marketable securities	12,771	-	12,771
	(33,406)	45,760	12,354
Loss for the period	(177,807)	57,430	(120,377)
Reversal of previous unrealized losses on available-for-sale investments sold or written-down	(9,570)	-	(9,570)
Unrealized gains on available-for-sale financial assets arising during the period	374,539	-	374,539
Comprehensive income for the period	$ 187,162	$ 57,430	$ 244,592

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

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

	CDN GAAP 2011	Effect of transition to IFRS	IFRS 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year	$ (1,243,369)	$ 16,648	$ (1,226,721)
Items not involving cash:			
Depreciation	18,073	-	18,073
Share-based compensation	172,770	12,777	185,547
Write-off of mineral properties	523,561	(45,760)	477,801
Gain on sale of marketable securities	(80,888)	-	(80,888)
Changes in non-cash working capital items:			
Decrease in receivables	45,567	-	45,567
Increase in prepaid expenses	(5,621)	-	(5,621)
Increase in accounts payable and accrued liabilities	36,154	-	36,154
Net cash used in operating activities	(533,753)	(16,335)	(550,088)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures on mineral properties	(1,147,878)	16,335	(1,131,543)
Recoveries on mineral properties	19,694	-	19,694
Acquisition of property and equipment	(10,052)	-	(10,052)
Proceeds from sale of marketable securities	495,866	-	495,866
Net cash used in investing activities	(642,370)	16,335	(626,035)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	3,600,000	-	3,600,000
Share issue costs	(225,480)	-	(225,480)
Net cash provided by financing activities	3,374,520	-	3,374,520
Change in cash and equivalents during the year	2,198,397	-	2,198,397
Cash and equivalents, beginning of year	795,723	-	795,723
Cash and equivalents, end of year	$ 2,994,120	$ -	$ 2,994,120
Cash paid during the year for interest	$ -	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -	$ -

(Expressed in Canadian Dollars)

15. Transition to International Financial Reporting Standards - *Continued*

The Canadian GAAP statement of cash flows for the quarter ending April 30, 2010 has been reconciled to IFRS as follows:

	CDN GAAP 2010	Effect of transition to IFRS	IFRS 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	$ (177,807)	$ 57,430	$ (120,377)
Items not involving cash:			
Depreciation	4,290	-	4,290
Share-based compensation	29,841	(11,670)	18,171
Write-off of mineral properties	46,625	(45,760)	865
Gain on sale of marketable securities	(12,771)	-	(12,771)
Changes in non-cash working capital items:			
Decrease in receivables	37,340	-	37,340
Decrease in prepaid expenses	20,885	-	20,885
Increase in accounts payable and accrued liabilities	10,695	-	10,695
Net cash used in operating activities	(40,902)	-	(40,902)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures on mineral properties	(113,949)	-	(113,949)
Recoveries on mineral properties	19,694	-	19,694
Acquisition of property and equipment	(2,849)	-	(2,849)
Proceeds from sale of marketable securities	16,033	-	16,033
Net cash used in investing activities	(81,071)	-	(81,071)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	-	-	-
Share issue costs	-	-	-
Net cash provided by financing activities	-	-	-
Change in cash and equivalents during the period	(121,973)	-	(121,973)
Cash and equivalents, beginning of period	795,723	-	795,723
Cash and equivalents, end of period	$ 673,750	$ -	$ 673,750
Cash paid during the period for interest	$ -	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -	$ -

15. Transition to International Financial Reporting Standards - *Continued*

(1) – IFRS 6 permits all exploration costs, incurred before a company has obtained legal rights to explore a specific area to be expensed in the year that they are incurred. Management has determined that under IFRS the Company's accounting policy for exploration and evaluation assets is that exploration expenditures should be expensed and only capitalized to Mineral Properties after the legal rights have been obtained.

On transition to IFRS $347,085 of capitalized mineral exploration costs existed at February 1, 2010 and these costs were capitalized before legal title was obtained and have been derecognized and expensed in Deficit.

(2) – The accounting policy under IFRS 2 has been retrospectively applied to all equity instruments granted after November 7, 2002 and have not vested at February 1, 2010.

IFRS 2 requires share-based payments to be fair valued at grant date and charged through the statement of loss over the vesting period using the graded method of vesting. The straight line method of amortization, used by the Company in accordance with Canadian GAAP, is disallowed. The expense of performance options under Canadian GAAP is typically recognized when the performance criteria are met and is often called "cliff vesting" where all of the expense is recognized upon satisfaction of the performance criteria. However, under IFRS the expense associated with performance options must be spread over the expected vesting period of the performance options.

16. Subsequent Events

In June 2011, the Company entered into two property option agreements covering four properties near Ridgeway, South Carolina. Terms of these option agreements are similar to previous agreements entered into for the Midway Project (Note 9) and include certain annual cash payments and, upon exercising an option, the Company will either purchase the subject property or enter into a long term mining lease. The properties will be subject to a gross overriding royalty to the current land owners. Concurrently, the Company concluded an additional option agreement in the Midway area, bringing the total project to 30 agreements. The total initial payments on the five property option agreements executed in June 2011 were approximately $107,016.