STRONGBOW EXPLORATION INC.

FINANCIAL STATEMENTS

JULY 31, 2010

(Unaudited – Prepared by Management)

Reader's Note: These interim financial statements for Strongbow Exploration Inc. ("Strongbow"), for the six months ended July 31, 2010 have been prepared by management and have not been subject to review by Strongbow's auditor.

STRONGBOW EXPLORATION INC.
INTERIM BALANCE SHEET

	July 31, 2010 (Unaudited)	January 31, 2010 (Audited)
ASSETS		
Current		
Cash and equivalents	$ 303,705	$ 795,723
Marketable securities (Note 3 and 4)	1,245,603	1,472,985
Receivables (Note 8)	47,445	77,724
Prepaid expenses	29,882	54,297
	1,626,635	2,400,729
Property and equipment (Note 5)	36,573	41,980
Mineral properties (Note 6)	12,103,287	11,784,512
	$ 13,766,495	$ 14,227,221
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 105,037	$ 132,574
Shareholders' equity		
Capital stock (Note 7)	21,512,543	21,512,543
Contributed surplus (Note 7)	3,356,591	3,296,908
Deficit	(11,787,234)	(11,515,332)
Accumulated other comprehensive income (Note 10)	579,558	800,528
	13,661,458	14,094,647
	$ 13,766,495	$ 14,227,221

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent Events (Note 14)

On behalf of the Board:

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

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

STRONGBOW EXPLORATION INC.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Months Ending		Six Months Ending	
	July 31, 2010	July 31, 2009	July 31, 2010	July 31, 2009
EXPENSES				
Advertising and promotion	$ 10,085	$ 12,151	$ 33,130	$ 30,190
Amortization	3,966	5,809	8,257	11,619
Insurance	5,611	7,389	11,038	13,191
Professional fees	30,825	18,973	48,117	35,528
Office, miscellaneous and rent	21,614	26,809	48,332	75,242
Regulatory and filing fees	5,212	2,825	11,673	9,882
Salaries and benefits	31,390	32,773	62,715	119,757
Stock-based compensation (Note 7)	29,841	24,604	59,683	68,574
Loss before other items	(138,544)	(131,333)	(282,945)	(363,983)
OTHER ITEMS				
Recovery (write-off) of mineral properties (Note 6)	29,073	(2,562)	(17,552)	(132,418)
Interest income	238	5,221	687	69,595
Gain on sale of marketable securities (Note 4)	15,138	-	27,908	22,570
Loss on reduction of leasehold improvements	-	-	-	(20,449)
	44,449	2,659	11,043	(60,702)
Loss before income taxes	(94,095)	(128,674)	(271,902)	(424,685)
Future income tax recovery	-	76,490	-	1,292,647
Net Income (loss) for the period	(94,095)	(52,184)	(271,902)	867,962
Deficit, beginning of period	(11,693,139)	(11,053,560)	(11,515,332)	(11,973,706)
Deficit, end of period	$ (11,787,234)	$ (11,105,744)	$ (11,787,234)	$ (11,105,744)
Basic and diluted income (loss) per share	$ (0.00)	$ (0.00)	$ (0.00)	$ 0.01
Weighted average number of shares outstanding	66,123,463	66,123,463	66,123,463	66,083,407

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited – Prepared by Management)

	Three Months Ending		Six Months Ending	
	July 31, 2010	July 31, 2009	July 31, 2010	July 31, 2009
Net income (loss) for the period	$ (94,095)	$ (52,184)	$ (271,902)	$ 867,962
Unrealized gains (losses) on available for sale financial assets arising during the period	(576,699)	511,891	(202,160)	924,064
Comprehensive income (loss)	$ (670,794)	$ 459,707	$ (474,062)	$ 1,792,026

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

STRONGBOW EXPLORATION INC.
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Months Ending		Six Months Ending	
	July 31, 2010	July 31, 2009	July 31, 2010	July 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	$ (94,095)	$ (52,184)	$ (271,902)	$ 867,962
Items not involving cash:				
Amortization	3,966	5,809	8,257	11,619
Stock-based compensation	29,841	24,604	59,683	68,574
Write-off (recovery) of mineral properties	(29,073)	2,562	17,552	132,418
Gain on sale of marketable securities	(15,138)	-	(27,908)	(22,570)
Loss on reduction of leasehold improvements	-	-	-	20,449
Future income tax recovery	-	(76,490)	-	(1,292,647)
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(7,261)	246,122	30,079	157,106
(Increase) decrease in prepaid expenses	3,530	(2,818)	24,414	9,471
Decrease in accounts payable and accrued liabilities	(16,786)	(7,220)	(6,092)	(30,810)
Net cash provided by (used in) operating activities	(125,016)	140,385	(165,917)	(78,428)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash provided by financing activities	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral properties	(263,317)	(153,689)	(377,266)	(297,434)
Recoveries on mineral properties	-	570,008	19,694	570,008
Acquisition of property and equipment	-	-	(2,850)	-
Proceeds from sale of marketable securities	18,288	-	34,321	41,570
Net cash provided (used in) by investing activities	(245,029)	416,319	(326,101)	314,144
Change in cash and equivalents during the period	(370,045)	556,704	(492,018)	235,716
Cash and equivalents, beginning of period	673,750	758,709	795,723	1,079,697
Cash and equivalents, end of period	$ 303,705	$ 1,315,413	$ 303,705	$ 1,315,413

Supplemental disclosure with respect to cash flows (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the 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 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 financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") 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. Management has undertaken available cost cutting measures and is monitoring its twelve-month rolling cash flow.

	July 31, 2010	January 31, 2010
Deficit	**$ (11,787,234)**	$ (11,515,332)
Working capital	**$ 1,521,598**	$ 2,268,155

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian GAAP for interim financial information using the same accounting policies and methods of application as the audited financial statements of the Company for the year ended January 31, 2010. These unaudited interim financial statements do not include all of the information and note disclosures required by GAAP for annual financial statements of the Company and should therefore be read in conjunction with the audited financial statements of the Company as at January 31, 2010.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

Certain reclassifications have been made to the prior period financial statements to conform with the presentation in the current period.

Recent Accounting Pronouncements

Business combinations

In January 2009, the CICA issued the new handbook Section 1582 - *Business Combinations* ("Section 1582"), 1601 – *Consolidated Financial Statements* ("Section 1601") and 1602 – *Non-controlling Interests* ("Section 1602"), which replaces CICA Handbook Section 1581 – *Business Combinations* and 1600 – *Consolidated Financial Statements.* Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after February 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning February 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent Accounting Pronouncements (cont'd…)

International financial reporting standards

The Canadian Accounting Standards Board has confirmed that IFRS will replace Canadian standards and interpretations on January 1, 2011. The process of changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect reported financial position and results of operations, and also affect certain business functions. The Company will be required to prepare fully IFRS compliant financial statements for the year ended January 31, 2012, with the first interim financial statements prepared under IFRS for the three-month period ended April 30, 2011.

The Company's conversion plan consists of four phases: scoping and planning, detailed assessment, implementation and post implementation. The Company has completed the scoping and planning stage and is now in the detailed assessment stage. The Company has not commenced the implementation and the post implementation stages. While the Company has begun the detailed assessment process, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. IFRS education and reports to the Audit Committee commenced in calendar 2009 and continues to be ongoing.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, investments 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 and investments 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 risk and equity market risk. The Company has limited exposure to foreign currency risk as the majority of its assets and liabilities are denominated in Canadian dollars. 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 July 31, 2010, the Company had cash and equivalents of $303,705 (January 31, 2010 - $795,723) available to settle current liabilities of $105,037 (January 31, 2010 - $132,574).

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D…)

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. The Company's marketable securities (common shares in several other publicly-traded exploration companies) may also decline in value, which may cause uncertainty for the Company's ability to realize funds quickly from the sale of these common shares without causing further downward pressure on the share price of these companies.

4. MARKETABLE SECURITIES

	July 31, 2010			January 31, 2010		
	Cost	**Unrealized Gain***	**Fair Market Value**	Cost	Unrealized Gain*	Fair Market Value
Various public companies	**$425,066**	**$ 25,302**	**$ 450,368**	$431,478	$ 222,174	$ 653,652
North Arrow Minerals Inc.	**240,979**	**554,256**	**795,235**	240,979	578,354	819,333
	$666,045	**$ 579,558**	**$1,245,603**	$672,457	$ 800,528	$1,472,985

*before future income taxes

North Arrow and the Company are related by virtue of two common directors.

During the six months ended July 31, 2010, the Company received gross proceeds of $34,321 (July 31, 2009 - $41,570) from the sale of marketable securities and recognized a $27,908 gain (July 31, 2009 - $22,570) from the sale.

5. PROPERTY AND EQUIPMENT

	As at July 31, 2010			As at January 31, 2010		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Furniture and Equipment	**$ 43,041**	**$ 36,477**	**$ 6,564**	$ 43,041	$ 35,748	$ 7,293
Computer Equipment	**119,394**	**92,428**	**26,966**	116,545	87,944	28,601
Software	**-**	**-**	**-**	41,274	41,274	-
Leasehold Improvements	**32,072**	**29,029**	**3,043**	32,072	25,986	6,086
	$ 194,507	**$ 157,934**	**$ 36,573**	$ 232,932	$ 190,952	$ 41,980

6. MINERAL PROPERTIES

	January 31, 2010	Expended During The Period	Write-off of Costs and Recoveries	**July 31, 2010**
Gold and Base Metal Properties, British Columbia				
Exploration costs	$ 331,346	$ 28,229	$ (18,970)	**$ 340,605**
Acquisition costs	90,068	386	-	**90,454**
Geological and assays	120,051	2,238	(200)	**122,089**
Office and salaries	528,768	74,317	(3,307)	**599,778**
	1,070,233	105,170	(22,477)	**1,152,926**
Gold and Base Metal Properties, NWT& NU				
Exploration costs	7,679,405	16,092	-	**7,695,497**
Acquisition costs	77,194	1,961	-	**79,155**
Geological and assays	271,495	5,694	-	**277,189**
Office and salaries	1,184,782	35,987	-	**1,220,769**
	9,212,876	59,734	-	**9,272,610**
Gold and Base Metal Properties, Saskatchewan				
Exploration costs	1,132,540	2,951	-	**1,135,491**
Acquisition costs	84,276	111	-	**84,387**
Geological and assays	20,094	66	-	**20,160**
Office and salaries	215,110	16,956	-	**232,066**
	1,452,020	20,084	-	**1,472,104**
Other Exploration and Generative Exploration				
Exploration costs	(3,152)	33,336	(3,242)	**26,942**
Acquisition costs	10,190	80,252	(1,902)	**88,540**
Geological and assays	2,032	2,137	(1,864)	**2,305**
Office and salaries	40,313	55,308	(7,761)	**87,860**
	49,383	171,033	(14,769)	**205,647**
TOTAL	$ 11,784,512	$ 356,021	$ (37,246)	**$ 12,103,287**

During the six months ended July 31, 2010, the Company wrote-off $17,552 (July 31, 2009 - $132,418) relating to certain properties, recorded recoveries for B.C. mineral exploration tax credits of $17,792 (July 31, 2009 – $510,008), and recorded other recoveries of $1,902 (July 31, 2009 - $76,500).

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.

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 and LP Properties

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

BC Mineral Exploration Tax Credits ("BC METC")

During the six months ended July 31, 2010, the Company received $17,792 (July 31, 2009- $510,008), which represents mineral exploration tax credits for the fiscal year ended 2009, and reduced its capitalized exploration costs in B.C. by the same amount.

6. MINERAL PROPERTIES (CONT'D…)

Gold and Base Metal Properties, British Columbia (cont'd…)

Inza Properties

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.

Mons Creek, Piltz Mountain and Raven Properties

In February 2010, the Company acquired, by staking, a 100% interest in three exploration properties in the Chilcotin region of south central British Columbia.

Other Properties, BC

Mineral property write-offs of $4,685 during the six months ended July 31, 2010 (July 31, 2009 - $Nil) relate to various other properties in British Columbia, where either no exploration programs of significance are planned for the foreseeable future, or where the Company no longer holds title to the claims.

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.

Other Properties, NWT

Mineral property write-offs of $Nil during the six months ended July 31, 2010 (July 31, 2009 - $3,643) relate to various other properties in the Northwest Territories, where either no exploration programs of significance are planned for the foreseeable future, or where the Company no longer holds title to the claims.

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.

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. Mineral property write-offs of $12,867 during the six months ended July 31, 2010 (July 31, 2009 - $2,953) relate to various other properties, where either no exploration programs of significance are planned for the foreseeable future, or where the Company no longer holds title to the claims.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares		Amount		Contributed Surplus
Authorized					
Unlimited common shares without par value					
Issued					
As at January 31, 2010	66,123,463	$	21,512,543	$	3,296,908
Stock-based compensation	-		-		59,683
As at July 31, 2010	66,123,463	$	21,512,543	$	3,356,591

Share issuances

There were no share issuances for the six months ended July 31, 2010.

Stock options and warrants

In June 2010, 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.

As at July 31, 2010, the following stock options were outstanding:

	Number of Shares		Exercise Price	Number Vested	Expiry Date
Options	10,000	$	0.2940	10,000	September 23, 2010*
	640,000		0.6636	640,000	March 16, 2011
	545,000		0.3696	545,000	September 15, 2011
	990,000		0.6552	990,000	March 29, 2012
	845,000		0.4600	845,000	December 21, 2012
	1,825,000		0.1700	1,368,750	July 26, 2014

*Subsequently expired without exercise.

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2010	5,432,500	$	0.39
Expired	(577,500)		0.29
Balance, July 31, 2010	4,855,500	$	0.41
Number of options currently exercisable	4,398,750	$	0.43

There were no stock options granted during the current fiscal period.

The Company had no outstanding warrants as at July 31, 2010.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (CONT'D…)

Stock-based compensation

During the six months ended July 31, 2010 and 2009, the Company did not grant any options. Total stock-based compensation recognized during the six months ended July 31, 2010 was $59,683 (July 31, 2009 – $68,574) and relates to the fair value of stock options granted during the year ended January 31, 2010 that is being recognized over the vesting period of the options.

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted in the prior fiscal year:

	Year Ended January 31, 2010
Risk-free interest rate	1.97%
Expected life of options	3 years
Annualized volatility	100%
Dividend rate	0.00%

8. RELATED PARTY TRANSACTIONS

During the six months ended July 31, 2010, the Company charged rent of $12,000 (July 31, 2009 - $9,000) to North Arrow, a company with two common directors.

Included in receivables are amounts due from Stornoway totaling $5,974 (January 31, 2010 - $4,714) for reimbursement of exploration, administrative costs paid by the Company on Stornoway's behalf.

Included in receivables are amounts due from North Arrow totaling $28,675 (January 31, 2010 - $65,288) for reimbursement of exploration expenditures and shared administrative expenses paid by the Company on North Arrow's behalf.

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

9. INCOME TAXES

As at July 31, 2010, the Company has approximately $1,297,000 in non-capital losses available for deduction against future year's taxable income. These losses will expire in 2030.

Subject to certain restrictions, the Company has approximately $14,650,000 of mineral property expenditures and $680,000 in non-refundable tax credits available to reduce taxable income of future years.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

Balance, January 31, 2010	$	800,528
Reversal of previous unrealized gains on available-for-sale investments sold, net of future income taxes		(18,810)
Unrealized losses on available-for-sale investments, net of future income taxes		(202,160)
As at July 31, 2010	$	579,558

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

At July 31, 2010, cash and equivalents of $303,705 (January 31, 2010 - $795,723) consisted of cash on deposit of $303,705 (January 31, 2010 - $795,723).

The significant non-cash transactions for the six months ended July 31, 2010 were:

a) The Company incurring mineral property expenditures of $17,758 that are included in accounts payable and accrued liabilities.

b) The Company has included in receivables, deferred mineral property costs of $7,702.

The significant non-cash transactions for the six months ended July 31, 2009 were:

a) The Company incurring mineral property expenditures of $69,387 that are included in accounts payable and accrued liabilities.

b) The Company issued 250,000 common shares valued at $15,000 pursuant to the purchase of mineral property claims.

c) The Company receiving 108,553 common shares of Bitterroot Resources Ltd. ("Bitterroot") valued at $16,500 pursuant to the sale of future mineral property rights.

d) The Company re-acquiring ownership of the Chu Chua deposit and recording $40,000 for mineral property acquisitions.

12. COMMITMENTS

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

Fiscal year ending January 31, 2012	$ 5,437
Fiscal year ending January 31, 2013	$ 4,077

13. 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.

14. SUBSEQUENT EVENTS

a) In September 2010, the Company announced the execution of fifteen 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, subject to regulatory approval, the issuance of 100,000 common shares. 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.

b) On September 23, 2010, the Company granted 1,760,000 stock options to directors, officers, employees and consultants. The options can be exercised at $0.20 per share and expire on September 23, 2015.

c) In September 2010, the Company retained the Windward Agency of Charlotte, North Carolina, to provide investor relations services to the Company. Under the terms of the agreement, which is subject to regulatory approval, the Company will pay a monthly retainer of US $4,000, plus approved expenses. The agreement is month-to-month and may be terminated by either party with two weeks written notice.