REDSTAR GOLD CORP.
(An Exploration Stage Company)

Consolidated Financial Statements

March 31, 2012 and 2011 and April 1, 2010

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The preparation and presentation of the accompanying consolidated financial statements are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee, which is independent from management.

The Audit Committee is appointed by the Board of Directors and has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matter prior to submitting the financial statement to the Board of Directors for approval.

The Company's independent auditors, Morine & Co., Chartered Accountants, LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

"*Scott Weekes*"	"*Jeannine P. M. Webb*"
Scott Weekes Director and President	Jeannine P. M. Webb Chief Financial Officer

July 17, 2012

Morine & Co.

CHARTERED ACCOUNTANTS LLP

July 17, 2012

INDEPENDENT AUDITORS' REPORT
To the shareholders of Redstar Gold Corp.

We have audited the accompanying consolidated financial statements of Redstar Gold Corp., which comprise the consolidated statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years ended March 31, 2012 and March 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Redstar Gold Corp. as at March 31, 2012, March 31, 2011 and April 1, 2010 and its consolidated financial performance and its consolidated cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting.

Morine & Co.

Chartered Accountants LLP
Vancouver, British Columbia

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REDSTAR GOLD CORP.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2012	March 31, 2011 (Note 16)	April 1, 2010 (Note 16)
ASSETS				
Current assets				
Cash and cash equivalents		$ 108,755	$ 77,946	$ 97,562
Marketable securities	6	101,502	141,000	843,600
Accounts receivable		157,708	61,882	3,483
Prepaid expenses and advances		175,446	42,157	31,700
		543,411	322,985	976,345
Non-current assets				
Deposit		7,428	7,428	7,428
Mineral property interests	7, 16	5,171,402	2,265,603	2,146,352
Property and equipment, net	8	37,676	44,116	60,955
		5,216,506	2,317,147	2,214,735
TOTAL ASSETS		**$ 5,759,917**	**$ 2,640,132**	**$ 3,191,080**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		$ 54,786	$ 14,391	$ 55,069
Due to related parties	11	212,714	395,989	330,925
		267,500	410,380	$ 385,994
SHAREHOLDERS' EQUITY				
Capital stock	10	16,463,632	11,697,716	11,476,909
Contributed surplus		1,680,188	1,300,448	1,145,976
Warrants		42,781	-	-
Accumulated other comprehensive income		(30,187)	45,499	182,700
Deficit		(12,663,997)	(10,813,911)	(10,000,499)
TOTAL EQUITY		5,492,417	2,229,752	2,805,086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 5,759,917**	**$ 2,640,132**	**$ 3,191,080**

Nature of Operations and Going Concern (note 1)
Commitments (note 15)
Subsequent Events (note 17)

Approved on behalf of the Board:

"Scott Weekes"
Scott Weekes, Director

"Douglas Fulcher"
Doug Fulcher, Director

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

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes		Year ended March 31, 2012		Year ended March 31, 2011 (Note 16)
Expenses					
Contract wages	11(a)&(c)	$	373,540	$	360,334
Travel and promotion	11(a)		257,326		157,471
Investor relations	11(a)		161,280		88,920
Share-based payments	10		413,275		245,829
Rent	11(a)		106,157		89,935
Office and miscellaneous	11(a)		47,947		38,932
Insurance			34,423		36,201
Professional fees			135,002		37,229
Consulting	11(c)		87,200		27,200
Telephone	11(a)		9,509		8,579
Regulatory fees			28,802		10,769
Transfer agent fees			7,548		5,751
Interest and financing			2,126		0
Amortization			14,829		18,025
			1,678,964		1,125,175
Other Expenses (Income)					
Interest income			(10,121)		(286)
Debt forgiveness			0		(2,146)
Gain on sale of marketable securities	6		(16,064)		(393,790)
Mineral property interests written-off	7, 16		171,732		61,990
Loss (gain) on foreign exchange			14,763		2,869
			160,310		(331,363)
Loss Before Income Tax			1,839,274		793,812
Future income tax recovery	12		10,812		19,600
Net Loss for the Year			**1,850,086**		**813,412**
Other Comprehensive Income					
Unrealized loss (gain) on available-for-sale securities			30,187		(45,499)
Comprehensive Loss for the Year		**$**	**1,880,273**	**$**	**767,913**
Basic Loss per Share		**$**	**0.03**	**$**	**0.01**
Weighted Average Number of Common Shares Outstanding			**63,076,513**		**52,477,716**

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

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Consolidated Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

Shareholders' Equity								
	Notes	Number of shares (#)	Amount ($)	Warrants ($)	Contributed surplus ($)	Deficit ($)	Accumulated Other Comprehen-sive Income ($)	Total Shareholders' Equity ($)
Balance, April 1, 2010	**16**	**52,343,341**	**11,476,909**	**-**	**1,145,976**	**(10,000,499)**	**182,700**	**2,805,086**
Net loss for the year	16	-	-	-	-	(813,412)	-	(813,412)
Shares issued for cash								
Exercise of stock options		690,000	129,450	-	-	-	-	129,450
Unrealized loss on available-for-sale securities, net of future income taxes of $6,500		-	-	-	-	-	(137,201)	(137,201)
Fair value of stock options exercised		-	91,357	-	(91,357)	-	-	-
Share-based payments expense	10, 16	-	-	-	245,829	-	-	245,829
Balance, March 31, 2011		53,033,341	11,697,716	-	1,300,448	(10,813,911)	45,499	2,229,752
Net loss for the year		-	-	-	-	(1,850,086)	-	(1,850,086)
Shares issued for cash								
Private Placement, net of share issue costs	10	12,917,999	4,239,912	-	-	-	-	4,239,912
Exercise of stock options		235,000	35,250	-	-	-	-	35,250
Unrealized loss on available-for-sale securities, net of future income taxes of ($4,313)		-	-	-	-	-	(75,686)	(75,686)
Shares issued for mineral property acquisition		1,132,875	500,000	-	-	-	-	500,000
Fair value of warrants issued to agents	10	-	(42,781)	42,781	-	-	-	-
Fair value of stock options exercised		-	33,535	-	(33,535)	-	-	-
Share-based payments expense	10	-	-	-	413,275	-	-	413,275
Balance, March 31, 2012		**67,319,215**	**16,463,632**	**42,781**	**1,680,188**	**(12,663,997)**	**(30,187)**	**5,492,417**

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

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Year ended March 31, 2012	Year ended March 31, 2011 (Note 16)
Operating activities			
Net loss		$ (1,850,086)	$ (813,412)
Items not involving cash			
Amortization		14,829	18,025
Share-based payments		413,275	245,829
Mineral property interests written-off		171,732	61,990
Gain on sale of marketable securities		(16,064)	(393,790)
Future income tax (recovery)		10,812	19,600
		(1,255,502)	(861,758)
Changes in non-cash working capital			
Accounts receivable		(95,826)	(58,399)
Prepaid expenses and advances		(133,288)	(10,457)
Accounts payable and accrued liabilities		40,395	(40,678)
Due to related parties		(183,275)	65,064
		(371,994)	(44,470)
Net cash flows from (used in) operating activities		(1,627,496)	(906,228)
Investing activities			
Expenditures on mineral property interests		(7,707,149)	(2,563,150)
Recoveries on mineral property interests expenditures		5,920,645	2,250,952
Acquisition of mineral property interests		(991,835)	(60,847)
Recoveries on acquisition of mineral property interests		153,806	132,804
Acquisition of property and equipment		(8,389)	(1,187)
Proceeds from sale of marketable securities		16,065	998,590
Net cash flows from (used in) investing activities		(2,616,857)	757,162
Financing activity			
Issuance of capital stock for cash, net of share issue costs	10	4,275,162	129,450
		4,275,162	129,450
Increase (decrease) in cash and cash equivalents		30,809	(19,616)
Cash and cash equivalents, beginning of year		77,946	97,562
Cash and cash equivalents, end of year		**$ 108,755**	**$ 77,946**

Supplemental Disclosure with Respect to Cash Flows (note 14)

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

1. Nature of operations and going concern

Redstar Gold Corp. (the "Company") is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 1710, 1177 West Hastings Street, Vancouver, BC.

These consolidated financial statements have been prepared in accordance with accounting principles on a going concern basis, which contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future rather than through the process of forced liquidation. The consolidated financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in, or interest in new properties, assets or businesses, and raise additional funds by way of equity financings. Acquisitions may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired and, accordingly, the Company may be unable to continue as a going concern. For the year ending March 31, 2012, the Company has a working capital of $275,911 (March 31, 2011: working capital deficit of $87,395). The Company continues to incur operating losses, and at March 31, 2012, has an accumulated deficit of $12,663,997 (March 31, 2011: $10,813,911).

2. Basis of preparation and adoption of International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian Generally Accepted Principles ("GAAP") which were revised in 2010 to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these financial statements. In these financial statement, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS as issued by the International Accounting Standards Board.

These financial statements have been prepared in accordance with IFRS. Subject to certain transition elections disclosed in note 16, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at April 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 16 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statement for the year ended March 31, 2011 prepared in accordance with Canadian GAAP.
These financial statements have been prepared on a historical cost basis and were approved by the Board of Directors on July 17, 2012

3. Summary of significant accounting policies

The summary of significant accounting policies used in the preparation of theses financial statements are described below:

a) Principles of consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Redstar Gold USA Inc. and Redstar Gold (Alaska) Inc. All intercompany balances and transactions have been eliminated.

b) Foreign currency translation
The presentation currency and the functional currency of the Company is the Canadian dollar. The Company's foreign currency transactions are translated into the Canadian dollar at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of operating results.

c) Cash and cash equivalents
Cash and cash equivalents include high-liquidity investments that have initial maturities of one year or less and are readily convertible to known amounts of cash without penalty. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

d) Mineral property interests
The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and the Company's mineral property interests are either developed or mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written-off in the period in which a decision to discontinue the project is made, or an impairment has occurred.

e) Share-based payments
The Company has a stock option plan that is described in note 10. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach. Share-based payments to non-employees are measured at the fair value of the goods or services received at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured), and are recorded at the date the goods or services are received. If and when the stock options or warrants are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital

f) Income Taxes
Tax expense comprises current and deferred tax. Tax is recognized in the income statement except to the extent it relates to items recognized in other comprehensive income or directly in equity.
Current tax: Current tax is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluated positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax: Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities: These are generally recognized for all taxable temporary differences; are recognized for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets: These are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and, are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

g) Earnings/(loss) per common share

Basic earnings (loss) per share are computed using the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the periods presented and accordingly, basic and diluted loss per share are the same.

h) Financial Instruments

All financial instruments are classified as one of the following: fair value through profit and loss, held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition. When a decline in the fair value of an available-for-sale financial asset has been recognized in comprehensive income, and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized in accumulated other comprehensive income is removed from accumulated other comprehensive income and recognized in net income even though the financial asset has not been de-recognized.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

The fair value of all marketable securities is determined by quoted market prices.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These disclosures are not required when the carrying amount is a reasonable approximation of the fair value.

i) Impairment

Non-financial assets are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units "CGUs"). The recoverable amount is the higher of an asset's fair value costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

j) Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Resource properties – the carrying value of the Company's mineral properties is reviewed by management quarterly, or whenever events or circumstances indicate that its carrying amount may not be recovered. Management considers certain impairment indicators such as market capitalization of the Company, metal price changes, plans for the properties and the results of exploration to date.

Accrued liabilities, recognition of deferred income tax assets and assumptions used for the calculation of fair value assigned to share base payments - management of the Company makes assumptions about the future and other sources of estimation at the financial position reporting date and makes judgments given the various options available under accounting standards. These assumptions, estimates and judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of these assets and liabilities, in the event actual events differ from assumptions, estimates and judgments made, including the determination of categories in which they are classified and the impairment and recoverability of items, and the calculations of fair value.

k) Future accounting changes

Unless otherwise noted, the following revised standards and amendments are effective for the Company for annual periods beginning on or after January 1, 2012 (unless otherwise noted) with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

1. IFRS 9 *Financial Instruments* ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addressed classification and measurement of financial assets and replaces multiple category and measurement models in IAS39 *Financial Instruments – Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and value. IFRS 9 also replaces the models for measuring equity instruments, and such investments are either recognized at fair value or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at FVTPL would generally be recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015. The Company is currently assessing the impact of adopting this standard on its financial statements.

2. IFRS 10 *Consolidated Financial Statements* was issued in May 2011 to replace IAS 27: *Consolidated and Separate Financial Statements* and SIC 12*: Consolidation – Special Purpose Entities*. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power and variable return before control is present. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of adopting this standard on its financial statements.

3. IFRS 11 *Joint Arrangements* was issued in May 2011 to replace IAS 31: *Interest in Joint Ventures*. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. Focus is on the rights and obligations of the parties involved to reflect the joint arrangement, thereby requiring parties to recognize the individual assets and liabilities to which they have rights or for which they are responsible, even if the joint venture arrangement operates in a separate legal entity. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of adopting this standard on its financial statements.

4. IFRS 12 *Disclosure of Interests in Other Entities* was issued in May 2011 to create a comprehensive disclosure standard to address the requirement for subsidiaries, joint arrangement and associates including the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is currently assessing the impact of adopting this standard on its financial statements.

5. IFRS 13 *Fair Value Measurement* ("IFRS 13") was issued in May 2011 and establishes a single framework for measuring fair value where it is required by other standards. IRFS 13 applies to all transactions (whether financial or non-financial) for which IFRS requires or permits fair value measurements, with the exception of share-based payment transactions accounted for under IFRS 2 Share-based Payments and leasing transactions within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value such as net realizable value under IAS 2 *Inventories* or value in use under IAS 36 *Impairment of Assets*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., and exit price).

6. IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

4. Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities, loans payable and due to related parties. Cash and cash equivalents is designated as held-for-trading; accounts receivables are classified as loans and receivables; and accounts payable and accrued liabilities, loans payable, and due to related parties are classified as other financial liabilities.

(Expressed in Canadian Dollars)

(a) Fair value

The carrying values of cash, accounts payable and accrued liabilities and due to related parties are a reasonable estimate of their fair values due to the short time period to maturity. The fair value of the marketable securities was based on quoted market prices in the market as at March 31, 2012.

The Company's financial instruments measured at fair value within the fair value hierarchy as at March 31, 2012 and 2011 are as follows:

	March 31, 2012				March 31, 2011			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	**Total ($)**	Level 1 ($)	Level 2 ($)	Level 3 ($)	**Total ($)**
Marketable securities	101,502	-	-	**101,502**	141,000	-	-	**141,000**

(b) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. The credit risk associated with cash is minimal as cash is placed with a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution and a single major US financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	March 31, 2012 ($)	**March 31, 2011 ($)**
Cash in bank	8,755	77,946
Guaranteed investment certificate	100,000	-
	108,755	**77,946**

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2012, the cash balance of $108,755 (March 31, 2011: $77,946) is not sufficient to meet the business requirements for the coming year. The Company will need to sell, in part or in whole, its marketable securities, or raise additional capital or sell one or more mineral property interests, whether singly or in concert, in order to fund its operations in the ensuing year. At March 31, 2012, the Company had accounts receivable of $157,708 (March 31, 2011: $61,882), accounts payable and accrued liabilities of $54,786 (March 31, 2011: $14,391), and amounts due to related parties of $212,714 (March 31, 2011: $395,989). At March 31, 2012, the Company had working capital of $275,911 (March 31, 2011: working capital deficit of $87,395).

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk
The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk
The Company is not exposed to significant foreign currency risk given the majority of its financial assets and liabilities are denominated in Canadian dollars.

(iii) Other price risk
Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk on its marketable securities to the extent of fluctuations in the current market prices of those securities.

As at March 31, 2012, a fluctuation in the fair value of marketable securities on the volatility of the underlying shares over the year ended has impacted the Company's other comprehensive income by $75,686.

5. Capital Management

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has no source of revenues; as such the Company is dependent upon external financings to fund activities. In order to fund current projects, undertake future projects and pay for administrative costs, the Company must raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the period.

The Company is not subject to externally imposed capital requirements.

6. Marketable Securities

At March 31, 2012 and 2011, the Company held marketable securities as follows:

March 31, 2012	Number of Shares	Cost	Accumulated Unrealized Gains (Losses)	Fair Value
Central Resources Corp.	100,000	$ 30,000	$ (24,000)	$ 6,000
Confederation Minerals Ltd.	200,000	88,000	4,000	92,000
Catalina Metals Corp.	100,000	18,000	(14,500)	3,500
Brocade Metals Corp.	200,000	2	-	2
		$ 136,002	$ (34,500)	$ 101,502

(Expressed in Canadian Dollars)

March 31, 2011	Number of Shares	Cost	Accumulated Unrealized Gains (Losses)	Fair Value
Central Resources Corp.	100,000	$ 30,000	$ (16,000)	$ 14,000
Corvus Gold Inc.	25,000	1	18,999	19,000
Confederation Minerals Ltd.	100,000	41,000	49,000	90,000
Catalina Metals Corp.	100,000	18,000	-	18,000
		$ 89,001	$ 51,999	$ 141,000

During the year ended March 31, 2012, the Company recognized an unrealized loss of $34,500 (March 31, 2011: gain of $51,999), which is included in other comprehensive income (loss). Future income tax recovery in the amount of $4,313 (March 31, 2011: income tax of $6,500) was recorded against the unrealized loss for an unrealized loss, net of tax, in the amount of $30,187 (March 31, 2011: gain of $45,499).

During the year ended March 31, 2012, the Company sold 25,000 Corvus Gold Inc., which were received pursuant to the Company's holdings in International Tower Hill Mines Ltd. and as a result of a plan of arrangement that was carried out by International Tower Hill Mines Ltd. The shares had a book value of $1 and were sold for net proceeds of $16,065. Accordingly, the Company recognized a realized gain of $16,064.

During the year ended March 31, 2011, the Company sold 140,000 International Tower Hill Mines Ltd. ("ITH") shares, which were received pursuant to the North Bullfrog option and agreement and subsequent disposition of the property (note 7B(b)). The shares had a cost of $604,800 and were sold for net proceeds of $998,590. Accordingly, the Company recognized a realized gain of $393,790.

(Expressed in Canadian Dollars)

7. Mineral property interests

The Company has interests in mineral properties, the details of which follow for the years ended March 31, 2012 and 2011:

	General ($)	Canada ($)	Nevada ($)	Alaska ($)	Total ($)
Balance - April 1, 2011	-	**1,628,498**	**637,105**	**-**	**2,265,603**
Acquisition costs					
Expenditures during the year	-	70,000	43,458	1,378,377	**1,491,835**
Recovered during the year	-	(97,000)	(103,808)	-	**(200,808)**
Net acquisition costs	-	(27,000)	(60,350)	1,378,377	**1,291,027**
Exploration expenditures					
Assaying	-	732,830	106,555	84,300	**923,685**
Consulting	-	-	-	-	**-**
Geology	3,250	1,057,540	323,106	234,057	**1,617,953**
Geophysical	-	-	118,021	4,447	**122,468**
Geochemical	-	-	14,356	-	**14,356**
Contract labour	-	-	-	48,430	**48,430**
Camp and exploration support	-	236,804	22,937	675,477	**935,218**
Drilling	-	2,276,580	320,701	507,364	**3,104,645**
Land and tenure	-	97,000	193,152	1,021	**291,173**
Travel and accommodation	-	131,829	25,261	44,548	**201,638**
Equipment rental	-	399,064	-	29,874	**428,938**
Maps and reports	-	2,728	109	2,370	**5,207**
Reclamation	-	11,238	-	-	**11,238**
Road access	-	2,200	-	-	**2,200**
	3,250	4,947,813	1,124,198	1,631,888	7,707,149
Exploration expenditures recovered	-	(4,944,722)	(975,923)	-	**(5,920,645)**
Net exploration expenditures	3,250	3,091	148,275	1,631,888	**1,786,504**
Mineral exploration costs written off	(3,250)	-	(168,482)	-	**(171,732)**
Balance - March 31, 2012	**-**	**1,604,589**	**556,548**	**3,010,265**	5,171,402

Canada includes: Newman Todd
Nevada includes: Eagle Basin, Painted Hills, Richmond Summit, Root Spring, Cooks Creek, Oasis, Baker Spring, Seven Devils, Queens, Opal Hill, Larus, Long Island, Black Hawk, Gold Cloud
Alaska includes: Shumagin, Unga-Popof

Property	Balance April 1, 2011 ($)	Acquisition costs ($)	Acquisition costs recovered ($)	Exploration expenditures ($)	Exploration expenditures recovered ($)	Mineral exploration costs written off ($)	Balance March 31, 2012 ($)
General	**-**	-	-	3,250	-	(3,250)	**-**
Newman Todd	**1,628,498**	70,000	(97,000)	4,947,813	(4,944,722)	-	**1,604,589**
Nevada General	**189,644**	5,443	(5,005)	99,645	-	(168,482)	**121,245**
Eagle Basin	**65,765**	-	-	5,578	-	-	**71,343**
Painted Hills	**28,068**	-	-	11,905	-	-	**39,973**
Richmond Summit	**25,599**	-	-	10,851	-	-	**36,450**
Root Spring	**66,476**	13,278	(63,388)	131,906	(131,744)	-	**16,528**
Cooks Creek	**94,086**	4,421	(4,487)	93,588	(92,976)	-	**94,632**
Oasis	**72,753**	-	(25,923)	692,714	(686,378)	-	**53,166**
Baker Spring	**13,337**	-	(5,005)	65,443	(64,825)	-	**8,950**
Seven Devils	**81,377**	20,316	-	12,568	-	-	**114,261**
Shumagin	**-**	1,373,377	-	1,631,888	-	-	**3,005,265**
Unga-Popof	**-**	5,000	-	-	-	-	**5,000**
	2,265,603	**1,491,835**	**(200,808)**	**7,707,149**	**(5,920,645)**	**(171,732)**	**5,171,402**

Nevada General includes: Queens, Opal Hill, Larus, Long Island, Black Hawk, and Gold Cloud

(Expressed in Canadian Dollars)

	General ($)	Canada ($)	Nevada ($)	Total ($)
Balance - April 1, 2010	**-**	**1,692,207**	**454,145**	**2,146,352**
Acquisition costs				
Expenditures during the year	-	-	60,847	**60,847**
Recovered during the year	-	(91,000)	(100,804)	**(191,804)**
Net acquisition costs	-	(91,000)	(39,957)	**(130,957)**
Exploration expenditures				
Assaying	-	69,691	229,639	**299,330**
Consulting	-	-	-	**-**
Geology	-	267,547	402,881	**670,428**
Geophysical	-	-	58,837	**58,837**
Geochemical	-	-	37,203	**37,203**
Contract labour	51,018	19,078	-	**70,096**
Camp and exploration support	-	320,706	9,874	**330,580**
Drilling	-	299,204	347,520	**646,724**
Land and tenure	-	91,783	220,774	**312,557**
Travel and accommodation	-	15,212	27,712	**42,924**
Equipment rental	-	94,174	-	**94,174**
Maps and reports	-	-	297	**297**
	51,018	1,177,395	1,334,737	**2,563,150**
Exploration expenditures recovered	-	(1,150,104)	(1,100,848)	**(2,250,952)**
Net exploration expenditures	51,018	27,291	233,889	**312,198**
Mineral exploration costs written off	(51,018)	-	(10,972)	**(61,990)**
Balance - March 31, 2011	**-**	**1,628,498**	**637,105**	**2,265,603**

Canada includes: Newman Todd
Nevada includes: Eagle Basin, Painted Hills, Richmond Summit, Root Spring, Cooks Creek, Oasis, Rose-Bush, Baker Spring, Seven Devils, Queens, Opal Hill, Larus, Long Island

Property	**Balance April 1, 2010 ($)**	**Acquisition costs ($)**	**Acquisition costs recovered ($)**	**Exploration expenditures ($)**	**Exploration expenditures recovered ($)**	**Mineral exploration costs written off ($)**	**Balance March 31, 2011 ($)**
General	**-**	-	-	51,018	-	(51,018)-	**-**
Newman Todd	**1,692,207**	-	(91,000)	1,177,395	(1,150,104)	-	**1,628,498**
Nevada General	**13,519**	39,181	(7,000)	143,944	-	-	**189,644**
Eagle Basin	**59,810**	-	-	5,955	-	-	**65,765**
Painted Hills	**13,601**	-	-	14,467	-	-	**28,068**
Richmond Summit	**10,294**	-	-	15,305	-	-	**25,599**
Root Spring	**57,277**	-	-	9,199	-	-	**66,476**
Cooks Creek	**124,013**	882	(53,000)	145,153	(122,962)	-	**94,086**
Oasis	**109,062**	-	(40,804)	982,381	(977,886)	-	**72,753**
Rose Bush	**10,972**	-	-	-	-	(10,972)	**-**
Baker Spring	**9,794**	-	-	3,543	-	-	**13,337**
Seven Devils	**45,803**	20,784	-	14,790	-	-	**81,377**
	2,146,352	**60,847**	**(191,804)**	**2,563,150**	**(2,250,952)**	**(61,990)**	**2,265,603**

Nevada General Includes: Queens, Opal Hill, Larus, Long Island

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by an undetected defect.

Realization of assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

A. Newman Todd Property, Red Lake District, Ontario, Canada

In 2007, the Company acquired a 100% interest in the Newman Todd area properties (comprised of several properties) by issuing 700,000 common shares to the vendor.

The property is subject to a commitment to issue additional common shares as follows:

(i) Common shares with a value in the aggregate of $1,000,000 if a mine is placed into production; and
(ii) Common shares with a value in the aggregate of $1,000,000 if production from the properties exceeds 250,000 ounces of gold; and
(iii) Additional common shares with a value in the aggregate of $500,000 if production from the Newman Todd and Advance Red Lake properties exceeds 250,000 ounces of gold.

The mineral claims are subject to a 1% net smelter return ("NSR") royalty provided that the total NSR royalties payable on any claims within the property do not exceed 2.75%.

On November 2, 2009, the Company entered into an option agreement with Central Resources Corp. ("Central") whereby Central had the option to earn up to a 60% undivided interest in the Company's 100% owned Newman Todd Property in Red Lake, Ontario. In connection with the agreement, Central incurred the required $1,000,000 in exploration expenditures and the Company received 100,000 shares in the capital of Central. On November 15, 2010 Central formally advised the Company that it would not be continuing with the option on the Newman Todd property, having satisfied and fully discharged all of its commitments for the first year of the agreement.

On November 19, 2010, the Company entered into an option agreement with Confederation Minerals Ltd. ("Confederation") whereby Confederation can earn up to a 70% undivided interest in the Company's 100% owned Newman Todd Property in Red Lake, Ontario.

Under the terms of the agreement, Confederation can earn an initial 50% interest in the project by funding $5,000,000 in exploration and development work, issuing shares of Confederation and making payments to the Company as follows:

Incurring exploration and development expenditures, as to:

- $2,000,000 by November 19, 2011 (incurred);
- $1,500,000 by November 19, 2012 (incurred);
- $1,500,000 by November 19, 2013 (incurred).

Cash payments and share issuances of Confederation to the Company, as to:

- $50,000 and 100,000 shares on signing (received);
- $50,000 and 100,000 shares by November 19, 2011 (received);
- $75,000 and 150,000 shares by November 19, 2012;
- $75,000 and 150,000 shares by November 19, 2013.

Upon having earned an initial 50% interest in the project, Confederation can earn an additional 20% interest by providing a Preliminary Assessment of the property, at Confederation's cost, and issuing 500,000 shares of Confederation to the Company. In addition, to maintain the second option in good standing, Confederation will make minimum annual expenditures of $250,000 commencing on the third anniversary and until the earlier of (a) the full exercise of the second option, and (b) the expiry of the second option.

On April 14, 2011, the Company acquired, under joint acquisition with Confederation, a 50% interest in 18 mineral claims adjacent to the Newman Todd project (the "Todd Property"). Of the 50% interest acquired by the parties from the vendor, Confederation acquired an undivided 35% interest in the Todd Property (being 70% of vendor's interest) and the Company acquired an undivided 15% interest in the Todd Property (being 30% of the vendor's interest) for the sum of $70,000. The remaining 50% interest in the claims is held by Rubicon Minerals Corporation.

B. Nevada Properties, USA

a) Under an agreement entered into in 2005, as amended, with AngloGold Ashanti North America Inc. ("AngloGold"), the Company has the following property interests in Nevada:

- Oasis Property - 122 claims acquired by staking. AngloGold holds a 2% NSR royalty. On October 30, 2009, the Company acquired two associated placer claims, which are subject to a 1.5% NSR with pre-production royalties payable as to US$9,000 per year (paid) for years 1-3, US$12,000 per year for years 4 to 8, and US$15,000 per year for years 9 to commercial production. The NSR can be purchased for US $800,000 at any time.

(Expressed in Canadian Dollars)

- Seven Devils Property - 54 claims acquired by staking and 16 leased claims The 16 leased claims are subject to a 2% NSR. Pursuant to the mineral property lease, the Company is required to make quarterly advance minimum royalty payments of US$5,000 from October 1, 2009 to July 1, 2012 (inclusive) (paid to June 30, 2012), US$7,500 from October 1, 2012 to July 1, 2013 (inclusive), and US$10,000 thereafter.
- Rosebush Property - claims acquired by staking. During the year ended March 31, 2011, the Company abandoned this property and wrote-off expenditures in the amount of $10,972.
- Property interests in claims acquired by staking, subject to NSR royalties payable to AngloGold, as follows:

Properties	Staked claims (#)	NSR Royalty (%)
Eagle Basin	37	2%
Painted Hills	79	-
Richmond Summit	72	2%
Root Spring	134	2%
Cooks Creek	114	2%
Baker Spring	22	-
Queens	6	-
Opal Hill	6	-
Larus	62	-
Long Island	56	-
Black Hawk	8	-
Gold Cloud	20	-

b) North Bullfrog and Painted Hills Properties - Letter of Intent ("LOI")

In March 2007, the Company entered into a LOI with ITH to enter into a joint venture in the North Bullfrog and Painted Hills projects, whereby ITH has the right to earn up to a 70% interest in the properties by making a series of payments and work commitments over four years.

- In consideration for the North Bullfrog Property, the Company received a total of US$90,000 and 10,000 common shares of ITH. During 2009, the Company entered into agreement to lease the Connection property, subject to a 4% NSR, which it may purchase for US$5,000,000. The Company may acquire the Connection property for US$1,000,000 during the term of the lease. On July 30, 2009 the Company entered into agreement with ITH for the sale of the property, and assumption of the lease on the Connection property (the "Sale Agreement"). Under the terms of the Sale Agreement, ITH paid $250,000 and issued 200,000 shares of ITH to the Company shares to earn 100% of the Company's interest in the property.
- In consideration for the Painted Hills Property, the Company received a total of US$40,000. ITH withdrew from the Painted Hills property agreement on March 9, 2009.

c) Richmond Summit Property - Option Agreement

On August 25, 2009, the Company entered into an option agreement granting Fronteer Development Group Ltd. ("Fronteer") an option to earn a 70% interest in the Richmond Summit Property. In connection with the agreement, the Company received US$25,000. Fronteer withdrew from the agreement on April 15, 2010.

d) Oasis Property - Option Agreement
On April 22, 2010, the Company entered into agreement with Centerra (U.S.) Inc. ("Centerra"), whereby Centerra had the option to earn a 75% interest in the Oasis Property in consideration for making staged payments to the Company in the aggregate of US$227,000 (US$67,000 received) and incurring exploration expenditures in the aggregate of US$4,000,000 (US$1,665,000 incurred). Centerra withdrew from the agreement on February 21, 2012.

e) Cooks Creek Property - Option Agreement
On February 25, 2011, the Company entered into agreement with Catalina Metals Corp. ("Catalina"), whereby Catalina has the option to earn a 60% interest in the Cooks Creek Property in consideration for making staged payments to the Company in the aggregate of $200,000 ($35,000 received), issuing in the aggregate 500,000 shares of Catalina to the Company (100,000 received), and incurring exploration expenditures in the aggregate of $2,500,000. Upon having earned an initial 60% in the property, Catalina can elect to earn an additional 10% interest by expending a further $2,000,000 in exploration expenditures.

f) Root Spring Property - Option Agreement
On June 6, 2011, the Company entered into an option with Brocade Metals Corp. ("Brocade"), whereby Brocade has the option to earn a 70% interest in the property in consideration for the following:

Cash payments to the Company
- $20,000 on the signing of the agreement (received);
- $30,000 on or before December 31, 2011 (received);
- $40,000 on or before December 31, 2012;
- $50,000 on or before December 31, 2013;
- $60,000 on or before December 31, 2014.

Share issuances to the Company
- 100,000 shares on the signing of the agreement (received);
- 100,000 shares on or before December 31, 2011 (received);
- 100,000 shares on or before December 31, 2012;
- 100,000 shares on or before December 31, 2013;
- 100,000 shares on or before December 31, 2014.

Incur expenditures on the Property
- $100,000 on or before December 31, 2011 (incurred);
- an additional $400,000 on or before December 31, 2012;
- an additional $1,350,000 on or before December 31, 2013;
- an additional $1,650,000 on or December 31, 2014.

g) Lease Agreement, Baker Property
On June 14, 2011, the Company entered into a mining lease agreement with Newmont USA Limited, a subsidiary of Newmont Mining Corporation ("Newmont"), whereby Newmont may lease the property in consideration for a 2.5% NSR and the following:

Cash payments to the Company
- US$5,000 on signing of the agreement (received);
- US$7,500 on or before June 14, 2012
- US$10,000 on or before June 14, 2013
- US$20,000 on or before June 14, 2014
- US$30,000 on or before June 14, 2015 and annually thereafter.

Incur expenditures on the property
- US$75,000 on or before June 14, 2012
- an additional US$150,000 on or before June 14, 2013.

C. Alaska Properties, USA

a) Shumagin Property
On May 19, 2011, the Company entered into an option agreement with NGAS Production Co. (“NGAS”), a subsidiary of Magnum Hunter Resources Corp. (“Magnum”), to acquire, subject to underlying advance royalty payments of US$2,000 per month to a maximum of US$450,000, a 100% interest in the Shumagin Project, in consideration for making:

Cash payments to NGAS:
- US$100,000 on signing of the agreement (paid);
- US$500,000 on or before July 15, 2011 (paid);
- US$250,000 on or before January 1, 2012 (paid).

Share issuances to NGAS:
- US$250,000 by the issuance of common shares of the Company on or before June 30, 2011 (issued)
- US$250,000 by issuance of common shares of the Company on or before January 1, 2012 (issued)

Cash payment or share issuances to NGAS:
- At the option of NGAS, a final option payment of US$1,500,000 in cash (US$1,000,000 on or before September 1, 2012 and US$500,000 on or before September 1, 2013) or the number of common shares of the Company equivalent to US$1,500,000 on or before October 1, 2012

b) Unga-Popof Property
On June 9, 2011, the Company entered into agreement with Full Metal Minerals Ltd. (“Full Metal”) to acquire 60% of Full Metal’s interest in the Unga-Popof Property in consideration for the following:

Cash payments to Full Metal
- US$5,000 on signing of the agreement (paid)
- US$70,000 within five business days of finalization of the underlying agreements as negotiated by Full Metal
- US$75,000 on or before August 1, 2012
- US$75,000 on or before August 1, 2013
- US$75,000 on or before August 1, 2014.

Share issuances to Full Metal
- 250,000 common shares of the Company with 5 business days of the finalization of the underlying agreements by Full Metal
- 250,000 common shares of the Company on or before August 1, 2012
- 250,000 common shares of the Company on or before August 1, 2013
- 250,000 common shares of the Company on or before August 1, 2014.

Incur expenditures on the Property
- US$500,000 on or before August 1, 2012
- an additional US$1,000,000 on or before August 1, 2013
- an additional US$1,500,000 on or before August 1, 2014

(Expressed in Canadian Dollars)

- an additional US$2,000,000 on or before August 1, 2015.

In addition, the Company has the option of earning an additional 15% interest by producing a Bankable Feasibility Study and issuing an additional 1,000,000 common shares of the Company to Full Metal. The Unga-Popof Property is subject to three underlying agreements, two of which have been executed.

8. Property and equipment

	2012			2011		
	Cost	**Accumulated Amortization**	**Net**	**Cost**	**Accumulated Amortization**	**Net**
	($)	**($)**	**($)**	**($)**	**($)**	**($)**
Computer equipment	73,986	57,147	16,839	66,416	51,551	14,865
Equipment	27,016	18,300	8,716	26,197	16,224	9,973
Automobiles	29,101	16,980	12,121	29,100	11,785	17,315
Leasehold improvements	9,814	9,814	0	9,814	7,851	1,963
	139,917	**102,241**	**37,676**	**131,527**	**87,411**	**44,116**

	Cost				Accumulated amortization				Net	
	March 31, 2010	additions	dispositions	March 31, 2011	March 31, 2010	additions	dispositions	March 31, 2011	March 31, 2010	March 31, 2011
	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)
Computer equipment	65,591	825	-	66,416	45,358	6,193	-	51,551	20,233	14,865
Equipment	25,836	361	-	26,197	13,775	2,449	-	16,224	12,061	9,973
Automobiles	29,100	-	-	29,100	4,364	7,421	-	11,785	24,736	17,315
Leasehold improvements	9,814	-	-	9,814	5,889	1,962	-	7,851	3,925	1,963
Total	**130,341**	**1,186**	**-**	**131,527**	**69,386**	**18,025**	**-**	**87,411**	**60,955**	**44,116**

	Cost				Accumulated amortization				Net	
	March 31, 2011	additions	dispositions	March 31, 2012	March 31, 2011	additions	dispositions	March 31, 2012	March 31, 2011	March 31, 2012
	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)
Computer equipment	66,416	7,571	-	73,987	51,551	5,597	-	57,148	14,865	16,839
Equipment	26,197	819	-	27,016	16,224	2,076	-	18,300	9,973	8,716
Automobiles	29,100	-	-	29,100	11,785	5,194	-	16,979	17,315	12,121
Leasehold improvements	9,814	-	-	9,814	7,851	1,963	-	9,814	1,963	-
Total	**131,527**	**8,390**	**-**	**139,917**	**87,411**	**14,830**	**-**	**102,241**	**44,116**	**37,676**

9. Loans payable

On May 12, 2011, the Company issued an unsecured promissory note for principal of $100,000, bearing interest at 8% per annum, calculated annually and with maturity on or before July 12, 2011. The loan was repaid with interest of $1,556 on July 21, 2011.

On May 16, 2011, the Company issued an unsecured promissory note for principal of $70,000, bearing interest at 3% per annum, calculated annually and with maturity on or before May 16, 2012. The loan was repaid with interest of $570 on August 29, 2011.

(Expressed in Canadian Dollars)

10. Capital Stock

Authorized - Unlimited number of common shares without par value

During the year ended March 31, 2012, the Company:

- Closed, on July 14, 2011, a non-brokered private placement of 12,917,999 units at a price of $0.35 per unit for gross proceeds of $4,521,300. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each share purchase warrant allows for the purchase of one additional common share of the Company at $0.60 per common share until July 14, 2013. In connection with the private placement, the Company paid finders' fees in cash of $244,665 and other expenditures of $36,723, and issued 699,043 share purchase warrants valued at $42,781. The warrants have an accelerated expiry provision, such that four months after the warrants are issued, the Company may give notice that said warrants will expire thirty days from the date of the notice, unless previously exercised by the purchaser, provided that for a period of ten consecutive trading days the weighted average closing price of the Company's common shares on the Exchange exceeds $0.90 per share.
- Issued a total of 235,000 common shares in connection with the exercise of incentive stock options, for total gross consideration of $35,250.
- Issued a total of 1,132,875 common shares valued in total at $500,000, in connection with the acquisition of the Shumagin Property.

Share purchase warrants

As at March 31, 2012 and 2011, the Company had the following share purchase warrants.

	March 31, 2012		**March 31, 2011**	
Expiry Date	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
July 14, 2013	7,158,042 [(a)]	$ 0.60	-	$ 0.00

(a) The warrants were valued at $42,781 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate: 1.46%; expected stock price volatility: 55.55% and expected warrant life in years: 2.

Stock options

The Company has a 20% stock option plan, which allows the Board of Directors to grant options to directors, officers, employees and consultants. The maximum term of the options is five years. Options vest as to 25% at the date of grant and an additional 25% each six months thereafter.

(Expressed in Canadian Dollars)

As at March 31, 2012 and 2011, the Company had stock options outstanding to directors, employees and consultants as follows:

March 31, 2012			
Outstanding Number of Options	Exercisable Number of Options	Expiry Date	Exercise Price
625,000	625,000	May 4, 2012	$ 0.25
270,000	270,000	January 18, 2013	$ 0.20
1,240,000	1,240,000	September 16, 2014	$ 0.15
1,700,000	1,275,000	October 28, 2015	$ 0.18
150,000	112,500	February 23, 2016	$ 0.30
250,000	125,000	August 11, 2016	$ 0.41
500,000	250,000	September 7, 2016	$ 0.50
500,000	250,000	September 30, 2016	$ 0.53
5,235,000	4,147,500		

March 31, 2011			
Outstanding Number of Options	Exercisable Number of Options	Expiry Date	Exercise Price
875,000	875,000	May 4, 2012	$ 0.25
470,000	470,000	January 18, 2013	$ 0.20
1,500,000	1,500,000	September 16, 2014	$ 0.15
1,700,000	425,000	October 28, 2015	$ 0.18
250,000	62,500	February 23, 2016	$ 0.30
4,795,000	3,332,500		

A summary of the status of the Company's stock options as at March 31, 2012 and 2011 and changes during the years then ended follows:

	March 31, 2012		**March 31, 2011**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	4,795,000	$ 0.19	3,710,000	$ 0.19
Granted	1,250,000	$ 0.49	1,950,000	$ 0.20
Exercised	(235,000)	$ 0.15	(690,000)	$ 0.19
Expired	-	$ 0.00	(175,000)	$ 0.18
Forfeited	(575,000)	$ 0.24	-	$ 0.00
Outstanding at end of year	5,235,000	$ 0.26	4,795,000	$ 0.19

(Expressed in Canadian Dollars)

Share-based payments

During the year ended March 31, 2012, stock options allowing for the acquisition of up to 1,250,000 shares were granted. The fair value of these stock options is recognized as share-based payments expense over the vesting period of the options. The total fair value of these options was calculated at $395,770.

During the year ended March 31, 2011, 1,950,000 options were granted. The fair value of these stock options is recognized as share-based payments expense over the vesting period of the options. The total fair value of these options was calculated at $345,245.

The fair value of stock options granted in 2012 is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2011
Risk-free interest rate	1.44%
Expected dividend yield	0.00%
Expected stock price volatility	108.66%
Expected option life in years	5

11. Related party transactions

(a) The Company conducts the majority of its exploration activities through an exploration services contractor in which a director is a shareholder. For the year ended March 31, 2012 and 2011, the Company was charged $697,073 (2011: $112,004) for exploration costs; $8,389 (2011: $1,187) for capital assets; and $818,066 (2011: $644,192) to reimburse office and administrative costs as follows:

	March 31, 2012	**March 31, 2011**
Contract wages*	$ 373,540	$ 360,334
Travel and promotion	150,687	96,864
Investor relations	161,280	73,920
Rent	85,287	68,739
Office and miscellaneous	40,822	38,592
Telephone	6,450	5,743
	$ 818,066	$ 644,192

* incl. $180,000 compensation for CEO (2011: $201,250 for CEO & CFO)

As at March 31, 2012, the Company owed $209,354 (2011: $392,629) to that contractor. The amount due to this related party is without interest and is due on demand. These transactions were made in the normal course of operations and are recorded at the exchange amount, being the amount agreed upon by the related parties.

(b) During the year ended March 31, 2012, the Company entered into a promissory note for $100,000 with a director of the Company, which note was repaid, including interest, on July 21, 2011.

(Expressed in Canadian Dollars)

(c) Compensation of key management personnel for the years ending March 31, 2012 and 2011 is summarized as follows:

		March 31, 2012		March 31, 2011
Management fees, CEO and CFO	$	222,000	$	207,250

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended March 31, 2012 and 2011. At March 31, 2012, $3,360 was owed to those parties (March 31, 2011: $3,360).

12. Income Tax

As at its March 31, 2012 fiscal year end, the Company has accumulated losses for Canadian income tax purposes of approximately $ 3,336,000, which expire at various dates commencing 2014.

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

		2012		2011
		30.0%		30.0%
Income tax benefit computed at Canadian statutory rates	$	(551,782)	$	(234,987)
Gain on disposition of marketable securities		-		(118,137)
Other timing differences		(89,419)		-
Adjustment due to effective rate attributable to income taxes of other countries		-		54,768
Change in valuation allowance		652,013		317,956
	$	10,812	$	19,600

Significant components of the Company's future tax assets and liabilities are as follows:

		2012		2011
Future income tax assets				
Tax basis of mineral property interests in excess of carrying value	$	1,064,617	$	582,329
Tax basis of equipment in excess of carrying value		28,842		17,493
Marketable securities		10,350		13,650
Share issue costs		-		5,168
Non-refundable mining income tax credit		43,192		43,192
Non-capital losses carried forward		1,242,944		1,076,100
		2,389,945		1,737,932
Valuation allowance		(2,389,945)		(1,737,932)
Future income tax assets, net	$	-	$	-

(Expressed in Canadian Dollars)

13. Segmented information

The Company has one operating segment, mineral exploration and development and operates in two geographical segments, Canada and the United States. The capital assets and total assets identifiable with these geographical areas are as follows:

		March 31 , 2012		March 31, 2011
Capital Assets (including mineral properties and deposits)				
Canada	$	1,637,573	$	1,662,727
United States		3,578,933		654,420
	$	5,216,506	$	2,317,147

Total Assets				
Canada	$	2,180,984	$	1,985,712
United States		3,578,933		654,420
	$	5,759,917	$	2,640,132

14. Supplemental disclosure with respect to cash flows

		March 31, 2012		March 31, 2011
Fair value of shares received for mineral property interests	$	47,002	$	59,000
Fair value of shares issued for mineral property interests	$	500,000	$	-
Interest paid during the year	$	2,126	$	1,862
Income taxes paid during the year	$	-	$	-

15. Commitments

During 2007, the Company and others entered into a lease agreement for the rental of office premises for a six-year period, expiring March 31, 2013. The cost of the premises is shared between the Company and other companies related by common directorship. The Company's proportionate share of minimum annual rental payments under this arrangement is as follows:

Calendar 2012		92,625
Calendar 2013		23,160
	$	115,785

16. Transition to International Financial Reporting Standards ("IFRS")

As stated in note 2, these are the Company's first consolidated financial statements prepared in accordance with IFRS 1. The accounting policies described in note 3 have been applied in preparing financial statements for the year ended March 31, 2012 and the comparative information, and in the preparation of an opening IFRS statement of financial position as at April 1, 2010, the Company's date of transition (the "IFRS Transition Date"). An explanation of IFRS 1, first-time adoption of IFRS exemptions, and the required reconciliations between IFRS and Canadian GAAP are described below:

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening balance sheet on the Company's transition date of April 1, 2010. The financial statements for the year ended March 31, 2012 are prepared under IFRS, as issued by the IASB. The accounting policies described in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2012, the comparative information presented in the financial statements for the year ended March 31, 2011 and the statement of financial position as at April 1, 2010. An explanation of IFRS1, exemptions applicable to first-time adoption of IFRS, and the required reconciliations between IFRS and Canadian GAAP are described below.

In preparing these financial statements, the Company has applied IFRS1, which provides guidance for an entity's initial adoption of IFRS. IFRS1 give entities adopting IFRS for the first time a number of optional exemptions in certain areas, to the general requirement for full retrospective application of IFRS.

<u>Share-based payments</u>: The Company has elected not to apply IFRS2 *Share-based Payments* to equity instruments granted on or before November 7, 2002 that were fully vested before the date of transition of April 1, 2010.

<u>Business combinations</u>: IFRS1 indicates that a first-time adopter may elect not to apply IFRS3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has elected to apply IFRS3 to business combinations that occur on or after April 1, 2010.

<u>Fair value as deemed cost</u>: This exemption allows the Company to initially measure an item of property and equipment, investment property, or intangible asset at its fair value, or an amount determined by a previous GAAP revaluation and use that amount as deemed cost as at the Transition Date on an asset by asset basis. The Company has elected not to apply this exemption.

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for comparative periods. The Company's adoption of IFRS did not have a significant impact on equity, net income (loss) and comprehensive income (loss), and operating, investing or financing cash flows in the prior periods. In preparing these financial statements, the Company reflected the result of transition in the tables below.

(Expressed in Canadian Dollars)

Reconciliation of Assets, Liabilities and Equity

	March 31, 2011			April 1, 2010		
	Cdn GAAP ($)	Adjustment ($)	IFRS ($)	Cdn GAAP ($)	Adjustment ($)	IFRS ($)
Assets						
Current assets						
Cash and cash equivalents	77,946	-	77,946	97,562	-	97,562
Marketable securities	141,000	-	141,000	843,600	-	843,600
Accounts receivable	61,882	-	61,882	3,483	-	3,483
Prepaid expenses and advances	42,157	-	42,157	31,700	-	31,700
	322,985	-	322,985	976,345	-	976,345
Non-current assets						
Deposit	7,428	-	7,428	7,428	-	7,428
Mineral property interests	2,316,621	(51,018)	2,265,603	2,146,352	-	2,146,352
Property and equipment, net	44,116	-	44,116	60,955	-	60,955
	2,368,165	(51,018)	2,317,147	2,214,735	-	2,214,735
TOTAL ASSETS	**2,691,150**	**(51,018)**	**2,640,132**	**3,191,080**	**-**	**3,191,080**
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	17,751	(3,360)	14,391	55,069	-	55,069
Due to related parties	392,629	3,360	395,989	330,925	-	330,925
	410,380	-	410,380	385,994	-	385,994
SHAREHOLDERS' EQUITY						
Capital stock	11,697,716	-	11,697,716	11,476,909	-	11,476,909
Contributed surplus	1,255,778	44,670	1,300,448	1,060,809	85,167	1,145,976
Accumulated other comprehensive income	45,499	-	45,499	182,700	-	182,700
Deficit	(10,718,223)	(95,688)	(10,813,911)	(9,915,332)	(85,167)	(10,000,499)
TOTAL EQUITY	2,280,770	(51,018)	2,229,752	2,805,086	-	2,805,086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,691,150**	**(51,018)**	**2,640,132**	**3,191,080**	-	**3,191,080**

(Expressed in Canadian Dollars)

Reconciliation of Net Income (Loss) and Comprehensive Income (Loss)

	Year ended March 31, 2011		
	Cdn GAAP ($)	Adjustment ($)	IFRS ($)
Expenses			
Contract wages	360,334	-	360,334
Travel and promotion	157,471	-	157,471
Investor relations	88,920	-	88,920
Stock-based payments	286,326	(40,497)	245,829
Rent	89,935	-	89,935
Office and miscellaneous	38,932	-	38,932
Insurance	36,201	-	36,201
Professional fees	37,229	-	37,229
Consulting	27,200	-	27,200
Telephone	8,579	-	8,579
Regulatory fees	10,769	-	10,769
Transfer agent fees	5,751	-	5,751
Amortization	18,025	-	18,025
	1,165,672	(40,497)	1,125,175
Other Expenses (Income)			
Interest income	(286)	-	(286)
Debt forgiveness	(2,146)	-	(2,146)
Gain on sale of marketable securities	(393,790)	-	(393,790)
Mineral property interests written-off	10,972	51,018	61,990
Loss (gain) on foreign exchange	2,869	-	2,869
	(382,381)	51,018	(331,363)
Loss Before Income Tax	783,291	10,521	793,812
Future income tax recovery	19,600	-	19,600
Net Loss for the Year	802,891	10,521	813,412
Other Comprehensive Income			
Unrealized loss (gain) on available-for-sale securities	(45,499)	-	(45,499)
Comprehensive Loss for the Year	757,392	10,521	767,913

(Expressed in Canadian Dollars)

Reconciliation of Cash Flows

	Year ended March 31, 2011		
	Cdn GAAP ($)	**Adjustment ($)**	**IFRS ($)**
Operating activities			
Net loss	(802,891)	(10,521)	(813,412)
Items not involving cash			
Amortization	18,025	-	18,025
Share-based payments	286,326	(40,497)	245,829
Mineral property interests written-off	10,972	51,018	61,990
Gain on sale of marketable securities	(393,790)	-	(393,790)
Future income tax (recovery)	19,600	-	19,600
	(861,758)	-	(861,758)
Changes in non-cash working capital			
Accounts receivable	(58,399)	-	(58,399)
Prepaid expenses and advances	(10,457)	-	(10,457)
Accounts payable and accrued liabilities	(37,318)	(3,360)	(40,678)
Due to related parties	61,704	3,360	65,064
	(44,470)	-	(44,470)
Net cash flows from (used in) operating activities	(906,228)	-	(906,228)
		-	
Investing activities			
Expenditures on mineral property interests	(2,563,150)	-	(2,563,150)
Recoveries on mineral property interests	2,250,952	-	2,250,952
Acquisition of mineral property interests	(60,847)	-	(60,847)
Recoveries on acquisition of mineral property interests	132,804	-	132,804
Acquisition of property and equipment	(1,187)		(1,187)
Proceeds from sale of marketable securities	998,590	-	998,590
Net cash flows from (used in) investing activities	757,162	-	757,162
Financing activity			
Issuance of capital stock for cash, net of share issue costs	129,450	-	129,450
	129,450	-	129,450
Increase (decrease) in cash and cash equivalents	(19,616)	-	(19,616)
Cash and cash equivalents, beginning of year	97,562	-	97,562
Cash and cash equivalents, end of year	**77,946**	**-**	**77,946**

17. Subsequent events

Subsequent to March 31, 2012:

- a total of 100,000 common shares in the capital of the Company were issued in connection with the exercise of incentive stock options, for gross proceeds of $25,000
- options allowing for the purchase of up to 525,000 common shares in the capital of the Company at $0.25 per share expired on May 4, 2012
- incentive stock options allowing for the purchase of up to 2,750,000 common shares in the capital of the Company at $0.29 per share until May 18, 2017 were granted.