RT MINERALS CORP.

(A Development Stage Company)

FINANCIAL STATEMENTS

November 30, 2010 and 2009

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Auditors' Report

To the Shareholders of
RT Minerals Corp.
(An Exploration Stage Company)

We have audited the balance sheets of RT Minerals Corp. (an exploration stage company) as at November 30, 2010 and 2009 and the statements of loss, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"signed BDO Canada"

Chartered Accountants

Vancouver, British Columbia
March 22, 2011

RT MINERALS CORP.
(A Development Stage Company)
BALANCE SHEETS
November 30, 2010 and 2009

ASSETS	2010	2009
Current		
Cash and cash equivalents	$ 134,778	$ 31,089
Short term investments – Notes 3 and 4	144,000	-
Amounts receivable	133,939	88,833
Prepaid expenses – Note 7	17,295	80,975
	430,012	200,897
Resource property costs – Notes 3, 4 and 7	3,562,786	776,715
	$ 3,992,798	$ 977,612
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 111,186	$ 138,161
Due to related parties – Notes 5 and 7	339,617	42,218
	450,803	180,379
Future Income Tax Liability – Note 8	48,000	-
	498,803	180,379
SHAREHOLDERS' EQUITY		
Share capital – Notes 4 and 6	4,291,027	1,256,423
Contributed surplus – Note 6	692,403	119,201
Deficit	(1,489,435)	(578,391)
	3,493,995	797,233
	$ 3,992,798	$ 977,612

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Notes 4, 6 and 10
Subsequent Events – Notes 4 and 11

APPROVED BY THE DIRECTORS:

"Donald (Dan) M. Clark"	Director	*"Paul Antoniazzi"*	Director
Donald (Dan) M. Clark		Paul Antoniazzi	

SEE ACCOMPANYING NOTES

RT MINERALS CORP.
(A Development Stage Company)
STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
for the years ended November 30, 2010 and 2009

	2010	2009
General and administration expenses		
Accounting and audit fees	$ 62,203	$ 34,608
Administrative and consulting fees – Note 7	64,451	67,049
Filing fees	150,386	6,995
Investor communications	81,011	17,444
Legal fees	87,866	6,995
Loan interest expense – Note 7	-	106
Management salaries – Note 7	143,676	126,100
Office Expenses	55,396	37,586
Part XII.6 Tax	5,979	1,712
Stock-based compensation – Note 6	437,000	111,857
Transfer Agent	12,459	7,555
Travel and automobile	44,143	8,415
Loss before other item	(1,144,570)	(426,422)
Other items:		
Write-off of mineral properties – Note 4	(307,481)	-
Interest income	3,884	143
Unrealized gain on short term investments	99,000	-
Gain on disposal of investments	128,123	-
Loss before income tax provision	(1,221,044)	(426,279)
Recovery of future income tax asset – Note 8	310,000	69,750
Net loss and comprehensive loss for the year	(911,044)	(356,529)
Deficit, beginning of the year	(578,391)	(221,862)
Deficit, end of the year	$ (1,489,435)	$ (578,391)
Basic and diluted loss per share	$ (0.03)	$ (0.03)
Weighted average number of shares outstanding	33,993,904	11,113,436

SEE ACCOMPANYING NOTES

RT MINERALS CORP.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
for the years ended November 30, 2010 and 2009

	2010	2009
Operating Activities		
Net loss for the year	$ (911,044)	$ (356,529)
Items not involving cash:		
Write-off of mineral properties	307,481	-
Stock-based compensation	437,000	111,857
Filing fees	135,000	-
Unrealized gain on temporary investments	(99,000)	-
Gain on disposal of short term investments	(128,123)	-
Recovery of future income tax asset	(310,000)	(69,750)
	(568,686)	(314,422)
Changes in non-cash working capital items related to operations:		
Amounts receivable	(45,106)	(11,096)
Prepaid expenses	63,680	(78,778)
Accounts payable and accrued liabilities	(59,263)	(24,533)
	(609,375)	(428,829)
Investing Activity		
Resource property costs, net of tax credit recovery – Note 4	(2,237,749)	(318,650)
Acquisition of short-term investments	(200,000)	-
Proceeds from sale of short-term investments	328,123	-
	(2,109,626)	(318,650)
Financing Activities		
Common shares issued for cash	2,971,249	765,625
Share issue costs	(115,443)	(9,869)
Due to related parties	(33,116)	17,636
	2,822,690	773,392
Increase in cash during year	103,689	25,913
Cash, beginning of the year	31,089	5,176
Cash, end of the year	$ 134,778	$ 31,089
Cash and cash equivalents consist of:		
Cash	$ 14,778	$ 31,089
Term deposits	120,000	-
	$ 134,778	$ 31,089
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ -	$ 106
Income taxes	$ -	$ -

Non-cash Transactions – Note 9

SEE ACCOMPANYING NOTES

Note 1 Nature of Operations and Ability to Continue as a Going Concern

RT Minerals Corp. (the "Company") was incorporated on March 9, 2007 under the Business Corporations Act of British Columbia. The Company is in the business of acquiring, exploring and evaluating mineral resource properties, and either joint venturing or developing these properties further. At November 30, 2010, the Company held under option a 100% interest in a resource property located near Timmins, Ontario; and an option to acquire up to a 50% interest in a second resource property located near Timmins, Ontario (Note 4).

The Company is in the exploration stage and is in the process of exploring and developing its resource property and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource property costs is dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying resource property, as well as the ability of the Company to obtain the necessary financing to complete exploration and development of the property and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At November 30, 2010, the Company had not yet achieved profitable operations, has accumulated losses of $1,489,435 since inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations.

Note 2 Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles and are stated in Canadian dollars. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below:

Note 2 Significant Accounting Policies – (cont'd)

a) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from such estimates.

b) Resource Property Impairment

The Company accounts for its mineral properties whereby all direct costs related to the acquisition, exploration and development of these properties are capitalized. Acquisition costs include cash consideration and the value of common shares exchanged for mineral properties pursuant to the terms of the agreement. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to earnings. Once commercial production has commenced, the net costs of the applicable property will be charged to operations using the unit-of-production method based on estimated recoverable reserves. On an ongoing basis, the Company evaluates each property, based on the results to date, to determine the nature of exploration work that is warranted in the future. If there is little prospect of future work on a property being carried out, the deferred costs related to that property are written down to the estimated amounts recoverable.

c) Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

Note 2 Significant Accounting Policies – (cont'd)

d) Asset Retirement Obligation

The liability for asset retirement obligations, such as site reclamation costs, is recognized in the period in which it is incurred. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs will be amortized to expense over the life of the related assets using the unit-of-production method. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial fair value measurements (additional asset retirement costs). As at November 30, 2010, the Company has determined that it does not have any asset retirement obligations.

e) Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at November 30, 2010.

f) Flow-Through Shares

Under the terms of flow-through share agreements, the related exploration expenditures are renounced to the subscribers of such shares. The Company records the tax effect related to the renounced deductions as a reduction of income tax expense in the statement of operations with a corresponding entry to share capital on the date that the Company renounces the deductions for investors.

g) Comprehensive Income

Canadian Institute of Chartered Accountants Handbook ("CICA") Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Note 2 Significant Accounting Policies – (cont'd)

h) Financial Instruments

The Company designated cash and short term investments as financial assets held for trading. Amounts receivable is designated as loans and receivables, which is measured at amortized cost. Accounts payable and accrued liabilities and due to related parties are designated as other financial liabilities, which are measured at amortized cost.

i) Future Income Taxes

The Company has adopted the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely-than-not that they can be realized.

j) Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the net loss for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

For the year ended November 30, 2010, potentially dilutive common shares (relating to share purchase options and warrants outstanding) totalling 12,231,000 (2009: 7,236,850) were not included in the computation of loss per share because their effect was anti-dilutive.

k) Stock-Based Compensation

The fair value of share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Note 2 Significant Accounting Policies – (cont'd)

l) Flow Through Shares

The CICA issued Emerging Issue Committee Abstract No. 146, "Flow through Shares", which clarifies the recognition of previously unrecorded future income tax assets caused by renouncement of expenditures relating to flow through shares. The Company has adopted the recommendations for flow through shares issued and records the tax effect related to the renounced deductions as a reduction of income tax expense in the statement of loss and deficit on the date that the Company renounces the deductions for investors.

m) Adoption of New Accounting Standards

Effective December 1, 2007, the Company adopted four new Canadian Institute of Chartered Accountants ("CICA") accounting standards: (a) Handbook Section 1535, *Capital Disclosures*; (b) handbook Section 3862, *Financial Instruments – Disclosures*; and Handbook Section 3863, *Financial Instruments – Presentation*; (c) Handbook Section 1506, *Accounting Changes*; (d) Emerging Issues Committee of the CICA abstract No. 166, *Accounting Policy Choice for Transaction Costs*; and (e) Handbook Section 1540, *Cash Flow Statements*. The main requirements of these new standards and the resulting financial statement impact are described below.

Consistent with the requirements of the new accounting standards, the Company has not restated any prior period amounts as a result of adopting the accounting changes. The effect of the adoption of these standards is summarized below:

i) Capital Disclosure, Section 1535

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

Note 2 Significant Accounting Policies – (cont'd)

m) Adoption of New Accounting Standards – (cont'd)

i) Capital Disclosure, Section 1535 – (cont'd)

The Company's investment policy is to hold excess cash in interest bearing bank accounts.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended November 30, 2010.

ii) Financial Instruments – Disclosure and Presentation, Section 3862 and 3863

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is not exposed to major credit risk as it has no customers. Additionally, the majority of the Company's cash is held with a high rated Canadian financial institution in Canada.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

Note 2 Significant Accounting Policies – (cont'd)

m) Adoption of New Accounting Standards – (cont'd)

ii) Financial Instruments – Disclosure and Presentation, Section 3862 and 3863 – (cont'd)

b) Liquidity Risk – (cont'd)

As at November 30, 2010, the Company's financial liabilities were comprised of accounts payable, accrued liabilities, due to related parties, and future income tax liability. As at November 30, 2010, the Company had current assets of $430,012 (2009 - $200,897) and current liabilities of $450,803 (2009 - $180,379). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital deficit of the Company is $20,791 (2009 – working capital surplus $20,518).

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

d) Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the development stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

e) Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

Note 2 Significant Accounting Policies – (cont'd)

m) Adoption of New Accounting Standards – (cont'd)

ii) Financial Instruments – Disclosure and Presentation, Section 3862 and 3863 – (cont'd)

f) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Company has no interest-bearing investments or debt, it is not exposed to interest rate risk at this time.

g) Fair Value Hierarchy

The Company also adopted CICA Handbook Section 3862, Financial Instruments – Disclosures whereby an entity shall classify and disclose fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The Company categorizes all of its financial instruments which are measured at fair value as level 1.

h) *General Standards of Financial Statement Presentation*

The Canadian Accountability Standards Board ("AcSB") amended CICA Handbook Section 1400, General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 and was adopted by the Company on October 1, 2008. The implementation of this standard did not have a material effect on the Company's financial statements.

i) Financial Statement Concepts

Handbook section 1000 has been amended to focus on the capitalization of costs that meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The implementation of this standard did not have a material effect on the Company's financial statements.

n) New Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("GAAP") and IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of December 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062.

The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company adopted the new standards for its fiscal year beginning November 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of this new Section had no impact on the Company's financial statements.

Business Combinations

In January 2009, the CICA issued the new handbook Section 1582, "Business Combinations" effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Although the

Company is considering the impact of adopting this pronouncement on the financial statements, it will be limited to any future acquisitions beginning in fiscal 2011.

Note 3 Short Term Investments – Note 4

a) Pursuant to a property option agreement described in Note 4(c) below, the Company participated in a $400,000 financing of Adventure Gold Inc. (TSX.V: "AGE") and subscribed for 1,000,000 units at a price of $0.20 per unit for gross investment of $200,000. Each unit consists of one common share of AGE and one-half warrant, each whole warrant entitling the Company to purchase an additional share of AGE for $0.27 per share for a two year period – Nil value was assigned to these warrants on acquisition and at year end. During the year, the Company sold 1,000,000 common shares of AGE for gross proceeds of $328,123 and realized a gain on sale of investment of $128,123.

b) Pursuant to the same property option agreement, the Company was issued 500,000 compensation warrants entitling the Company to purchase 500,000 common shares of AGE at a price of $0.20 per share until May 27, 2011. The fair value of these warrants was calculated to be $45,000 at acquisition and $144,000 at November 30, 2010 using the Black-Scholes pricing model with the following assumptions:

	May 27, 2010	Nov 30, 2010
Compensation warrants	45,000	144,000
Resource property costs	(45,000)	
Unrealized gain on short term investments	-	99,000

	May 27, 2010	Nov 30, 2010
Stock price volatility	142%	114%
Risk-free interest rate	1.60%	1.60%
Dividend yield	-	-
Expected life of warrants	1 year	0.5 year
Fair value of warrants granted	$0.09	$0.29

Short-term investments are classified as held-for-trading, with gains and losses recognized in net income.

Note 4 Resource Property Costs – Notes 3, 6 and 11

	Baie Comeau	Golden (Note 4b)	Total
Balance, November 30, 2008	$ 346,629	$ -	$ 346,629
Acquisition costs			
Cash	-	60,000	60,000
Shares	-	77,500	77,500
	-	137,500	137,500
Deferred exploration costs			
Administration	50	7,654	7,704
Assaying and development	154	2,023	2,177
Drilling and geophysics	2,500	202,241	204,741
Facility rental	-	2,300	2,300
Field crew expenses	-	894	894
Project management – Note 7	37,817	67,583	105,400
Site meals, lodging and travel	-	38,457	38,457
	40,521	321,152	361,673
Less: tax credit recovery	(69,087)	-	(69,087)
	(28,566)	321,152	292,586
Balance, November 30, 2009	$ 318,063	$ 458,652	$ 776,715

	Baie Comeau	Bazooka	Golden (Note 4b)	McWatters	Meunier-144	Total
Balance, November 30, 2009	$ 318,063	$ -	$ 458,652	$ -	$ -	$ 776,715
Acquisition costs						
Cash	-	-	120,000	-	357,500	477,500
Shares	-	-	-	-	493,000	493,000
	-	-	120,000	-	850,500	970,500
Deferred exploration costs						
Administration	-	371	12,314	212	26,062	38,959
Assaying and development	-	-	52,807	-	-	52,807
Core logging, cutting, sampling	-	-	51,226	-	-	51,226
Data entry, drafting, reporting	-	12,324	38,695	-	-	51,019
Drilling	-	-	630,707	-	572,749	1,203,456
Facility rental	-	-	11,650	-	-	11,650
Field crew expenses	-	117	5,286	-	-	5,404
General geology	-	5,134	39,308	-	-	44,442
Geophysics	-	-	296,590	-	-	296,590
Project management – Note 7	3,600	7,760	228,454	4,844	42,583	287,240
Site meals, lodging and travel	-	1,180	50,092	640	437	52,350
Stripping / trenching	-	-	42,092	-	-	42,092
	3,600	26,886	1,459,220	5,696	641,832	2,137,234
Less: tax credit recovery	(14,182)	-	-	-	-	(14,182)
Mineral properties written off	(307,481)	-	-	-	-	(307,481)
	(318,063)	26,886	1,459,220	5,696	641,832	1,815,571
Balance, November 30, 2010	$ -	$ 26,886	$ 2,037,872	$ 5,696	$ 1,492,332	$ 3,562,786

Note 4 Resource Property Costs – Notes 3, 6 and 11 – (cont'd)

a) Baie Comeau Property (Quebec)

By an option agreement dated March 27, 2007 and amended on August 29, 2008, the Company has acquired a 100% interest in a property (the "Baie Comeau Property") located in the district of Baie Comeau, Province of Quebec, in consideration for the payment of $75,000 (paid), the issuance of 500,000 common shares (issued) of the Company and the conclusion of a work program and expenditures consisting solely of a NI 43-101 report on the property and any work related thereto.

The Company's interest in the Baie Comeau Property is subject to a 3% net smelter return royalty, one half of which may be repurchased at any time for $1,000,000.

No further exploration work is planned on the property and accordingly, the Company abandoned the Baie Comeau Property and $307,481 in acquisition costs and exploration expenditures relating to the property was written off during the year.

b) Golden Property (formerly Timmins Property) (Timmins, Ontario)

By an option agreement dated July 31, 2009, the Company has acquired a 100% interest in a gold property ("the Golden Property") located in the district of Timmins, Ontario, in consideration for the payment of $1,030,000, the issuance of 500,000 common shares of the Company, and the expenditure of an aggregate of $2,100,000 in exploration expenditures over four years as follows:

Cash	$60,000 upon signing (paid)
	$20,000 on or before January 1, 2010 (paid)
	$100,000 on or before August 10, 2010 (paid)
	$150,000 on or before August 10, 2011
	$200,000 on or before August 10, 2012
	$500,000 on or before August 10, 2013
Shares	500,000 upon signing (issued)
Exploration expenditures	$250,000 on or before August 10, 2010 (expended)
	$350,000 on or before August 10, 2011 (expended)
	$500,000 on or before August 10, 2012 (expended)
	$1,000,000 on or before August 10, 2013

The Company's interest in the Timmins Property is subject to a 3% net smelter return royalty, one half of which may be repurchased at any time for $1,000,000.

Note 4 Resource Property Costs – Notes 3, 6 and 11 – (cont'd)

b) Golden Property (formerly Timmins Property) (Timmins, Ontario) – (cont'd)

Pursuant to a strategic alliance agreement dated December 31, 2009 (Note 10), Lake Shore Gold Corp. ("Lake Shore Gold") has the right, to take effect one year from the closing of the private placement in Note 6(b), to acquire a 50% interest in the Company's Golden Property by incurring $5,000,000 of exploration expenditures on the property within a five year period.

Subsequent to November 30, 2010, the Company sold its interest in the Golden Property to Lake Shore Gold (Note 11).

c) Meunier-144 Property (Timmins, Ontario)

By an option agreement dated May 5, 2010, the Company has been granted an option to acquire up to a 50% interest in a gold property ("the Meunier-144 Property") located in the district of Timmins, Ontario from Adventure Gold Inc. (TSX.V: "AGE"), and Lake Shore Gold has been granted an option to acquire up to a 10% interest in the Property, pursuant to the completion of the following transactions and subject to regulatory approval.

The Company shall have exercised the First Option and shall have acquired a 25% undivided interest in the Property by paying to AGE $300,000 in cash (paid); issuing 2,500,000 common shares (issued); incurring a minimum of $1,500,000 in work expenditures on the property on or before October 31, 2011; participating in a $400,000 financing of AGE and subscribing for 1,000,000 units at a price of $0.20 per unit for gross investment of $200,000 (completed); completing a private placement of units at $0.20 per unit so as to raise $350,000 (completed); and completing a further private placement of flow-through shares at $0.20 per share so as to raise a minimum of $800,000 (completed). As consideration for the firm payments and commitments as outlined, AGE issued to the Company 500,000 compensation warrants, each warrant entitling the Company to purchase one common share of AGE at a price of $0.20 per share for a period of one year (see Note 3 (b)). The value of compensation warrants of $45,000 received is credited to share acquisition costs of the Meunier-144 Property.

Subject to the Company having exercised the First Option in accordance with the agreement, the Company is granted a Second Option to acquire an additional 25% undivided interest in the Property for a period commencing on the Earn-In Date and ending October 31, 2013. The Company shall have exercised the Second Option by issuing an additional 250,000 common shares and by incurring additional work expenditures for a minimum of $1,500,000.

Following the exercise of the Second Option by the Company, Lake Shore Gold shall have the right to acquire from the Company and AGE a 10% undivided interest in the Property by completing a preliminary resource assessment at Lake Shore Gold's cost, within a period of 10 years from the effective date, for the purpose of advancing the Property to commercial production. As additional consideration for the Lake Shore Gold Option, Lake Shore Gold has agreed to participate in the AGE Private Placement and subscribe for units for total gross proceeds of $200,000 as described above.

Note 4 Resource Property Costs – Notes 3, 6 and 11 – (cont'd)

c) Meunier-144 Property (Timmins, Ontario)

The Company shall act as the operator during the First and Second Option Period and as such, shall be responsible for carrying out and administering the work expenditures on the Property. However, AGE and the Company agree to appoint Lake Shore Gold as field supervisor and manager of any approved program to be carried out on the Property for such time as the Option is ongoing and in good standing.

Upon the exercise of the First and/or Second Option, whichever the case may be, the parties agree to form and participate in a Joint Venture for the purpose of further exploration and development work on the Property and if warranted, the operation of a mine thereon. All further work on and with respect to the Property, and the subsequent relationship between AGE and the Company in relation to the Property shall be governed by a Joint Venture Agreement between the Parties. The Joint Venture Agreement shall incorporate the terms and conditions of the Lake Shore Gold Option and shall govern the relationship of the Parties in this regard.

AGE has agreed to pay the Optionors the sum of $2,000,000 in the event that a pre-feasibility study conducted on the Property indicates the potential for commercial production of at least one million ounces of gold; and a net smelter return royalty of 2.5%, of which 40% can be purchased at any time at the sole discretion of AGE for a price of $2,000,000. The Parties agree that upon the exercise of the First and/or Second Option by the Company, whichever the case, and upon the exercise of the Lake Shore Gold Option by Lake Shore Gold, as the case may be, the Production Payment and Royalty shall be the responsibility of the Joint Venture and shall be assumed and paid by the Parties in accordance with their respective Joint Venture interest.

Lake Shore Gold will have a first right to all future production financing, debt or equity financing by the Company or AGE regarding the Property for such time that the above option agreement is in good standing or the Company or Lake Shore Gold own an interest in the Property.

A finder's fee of 10% as to $57,500 cash and 862,500 common shares was paid with respect to this option agreement.

Subsequent to November 30, 2010, the Company sold 50% of its interest in the Meunier-144 Property to Lake Shore Gold (Note 11).

d) Bazooka and McWatters Properties (Rouyn Noranda, Quebec)

Subsequent to year end, by an agreement dated December 10, 2010, the Company acquired a 100% interest in the Bazooka and McWatters gold properties in Quebec from Lake Shore Gold (Note 11).

Note 5 Due to Related Parties

Due to related parties represents amounts owing to directors, companies with common directors, and officers for unpaid project management services, expenses and salaries, which are unsecured, non interest bearing and payable on demand. Due to related parties also includes amounts owing to a shareholder who holds greater than a 10% interest in the Company.

Note 6 Share Capital – Notes 4 and 11

Authorized:

Unlimited common shares without par value
Unlimited preferred shares without par value

Issued: common shares

		Number	Amount
Balance, November 30, 2008		8,600,000	$ 465,061
For cash:			
Option exercise		1,000,000	50,000
Transfer from contributed surplus on exercise of options		-	23,200
Warrant exercise		1,712,500	165,626
Transfer from contributed surplus on exercise of warrants		-	12,552
Pursuant to a private placement	– at $0.05	5,000,000	250,000
Pursuant to a private placement	– at $0.20	1,500,000	300,000
Share issue costs		-	(17,766)
Recovery of future income tax asset – Note 8		-	(69,750)
For Timmins property acquisition	– at $0.155	500,000	77,500
Balance, November 30, 2009		18,312,500	1,256,423
For cash:			
Warrant exercise		5,450,000	321,250
Transfer from contributed surplus on exercise of warrants		-	14,398
Pursuant to a private placement	– at $0.20	7,500,000	1,500,000
Pursuant to a private placement	– at $0.20	5,750,000	1,150,000
Pursuant to an agency agreement	– at $0.30	100,000	30,000
Share issue costs		-	(161,044)
Recovery of future income tax asset		-	(358,000)
For Meunier Property option	– at $0.16	3,362,500	538,000
Balance, November 30, 2010		40,475,000	$ 4,291,027

Note 6 Share Capital – Notes 4 and 11 – (cont'd)

Issued: - (cont'd)

a) In May 2010, the Company raised gross proceeds of $1,150,000 pursuant to two private placements in connection with a property option agreement described in Note 4(c). The Company raised $350,000 through the issue of 1,750,000 units at $0.20 per unit, with each unit consisting of one common share and one-half warrant, each whole warrant entitling the holder to purchase a further common share at a price of $0.25 for a one year term. The Company raised $800,000 through the issue of 4,000,000 flow-through common shares at $0.20 per share. Finder's fees of 8% were paid on these private placements, as to $91,200 cash and 456,000 broker warrants with each warrant entitling the holder to purchase one common share at a price of $0.20 per share for a one year term.

b) In May 2010, the Company issued 2,500,000 common shares in connection with the Meunier-144 property option agreement described in Note 4(c) and 862,500 common shares for related finder's fees. These shares were issued at a deemed price of $0.16 (fair value on issue date) per share.

c) In January 2010, the Company issued 100,000 common shares at a deemed price of $0.30 (fair value on issue date) per share pursuant to an agency and sponsorship agreement (Note 10).

d) In December 2009 and January 2010, the Company raised gross proceeds of $1,500,000 pursuant to two non-brokered private placements of 7,500,000 units at $0.20 per unit. Each unit is comprised of one common share and one share purchase warrant, with each such warrant entitling the holder to acquire a further common share of the Company at $0.20 for a term of two years. 6,000,000 of the Units were issued on a flow-through basis. As a result of the above private placements, Lake Shore Gold Corp. owns 18.5% of the issued and outstanding common shares of the Company as at November 30, 2010 (Note 10).

e) In November 2009, the Company raised gross proceeds of $300,000 pursuant to a non-brokered private placement of 300 units at $1,000 per unit. Each unit consists of a total of five thousand (5,000) common shares consisting of four thousand (4,000) flow through shares at $0.20 per share and one thousand (1,000) non-flow through shares at $0.20 per share and two thousand five hundred (2,500) warrants. Each warrant entitles the holder to acquire one further non-flow through common share of the Company at $0.25 per share until November 5, 2010. Insiders subscribed to 44 units of the offering. A finder's fee of $9,870 cash and 49,350 agent warrants exercisable at $0.20 per share until November 5, 2010 was paid on units not subscribed for by insiders of the Company.

f) In August 2009, the Company raised gross proceeds of $250,000 pursuant to a non-brokered private placement of 5,000,000 units at $0.05 per unit. Each unit consists of one common share and one non-transferrable share purchase warrant, each warrant entitling the holder to acquire one common share at $0.05 until August 11, 2010. Insiders subscribed to 1,425,000 units of the offering.

Note 6 Share Capital – Notes 4 and 11 – (cont'd)

Issued: - (cont'd)

g) In August 2009, the Company issued 500,000 common shares at a deemed price of $0.155 (Fair value on issue date) per share pursuant to the Timmins Property option agreement described under Note 4(b) above.

h) In January 2009, the Company issued 100,000 common shares at a deemed price of $0.02 per share pursuant to a property option agreement. The Company did not proceed with the property option agreement and accordingly the common shares were cancelled and returned to treasury on March 16, 2009.

For the units issued in 6(a), (d), (e) and (f) the Company used the residual value method to allocate values to common shares and warrants issued. Proceeds from the private placements and initial public offering have been allocated all to the common shares and none to warrants.

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian (flow-though) qualifying exploration expenditures. The Company has indemnified the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

The Company is committed to spending the flow-through unit proceeds on exploration activities and to renouncing $2,233,400 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through shares. This amount will not be available to the Company for future deduction from taxable income.

As a result of the $240,000 flow-through unit proceeds raised in November 2009, $239,400 in exploration expenses was renounced in January 2010. The Company recorded a recovery of future income tax assets with a corresponding reduction in share capital of $60,000 with respect to the renunciation. The Company is required to incur $239,400 (incurred by December 2009) in qualifying exploration expenses before December 31, 2010.

As a result of the $1,200,000 flow-through unit proceeds raised in December 2009, $1,194,000 in exploration expenses was renounced in February 2010. The Company recorded a recovery of future income tax assets of $250,000 with a reduction in share capital of $298,000 with respect to the renunciation. The Company is required to incur $1,194,000 (incurred by September 2010) in qualifying exploration expenses before December 31, 2010.

As a result of the $800,000 flow-through share proceeds raised in May 2010, the Company is committed to renouncing $800,000 in exploration expenses. The Company is required to incur $800,000 ($800,000 incurred by December 31, 2010) in qualifying exploration expenses before December 31, 2011.

Note 6 Share Capital – Notes 4 and 11 – (cont'd)

Stock-based Compensation Plan:

On March 1, 2010 the Company amended its Stock Option Plan to provide for the issuance of options to acquire shares of the Company equal to 10% of the then issued and outstanding shares of the Company. On March 22, 2010 the Board approved a new Share Option Plan (the "New Plan") to replace the existing plan, which incorporates the new TSX Venture option plan policies effective December 15, 2008. The New Plan was approved by the Company's shareholders on March 1, 2010 and will become effective from and after the date the Company is listed and begins trading on TSX Venture, subject to regulatory approval.

As at November 30, 2010, there were 2,300,000 share purchase options outstanding, as per the following table:

	November 30, 2010		November 30, 2009	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	300,000	$0.20	560,000	$0.15
Granted	2,300,000	$0.25	1,400,000	$0.08
Exercised	-	-	(1,000,000)	$0.05
Expired/Cancelled	(300,000)	$0.20	(660,000)	$0.15
Outstanding and exercisable, end of year	2,300,000	$0.25	300,000	$0.20

At November 30, 2010, the Company had the following stock options outstanding:

Number	Exercise Price	Expiry Date
2,300,000	$0.25	March 1, 2012

The weighted average life of options outstanding at November 30, 2010 is 1.25 years.

On March 1, 2010, the Company granted 2,150,000 stock options to insiders and 150,000 stock options to employees and consultants. Each option is exercisable at $0.25 per share until March 1, 2012.

On October 15, 2009, the Company granted 300,000 options to consultants at an exercise price of $0.20 per share, exercisable up to October 15, 2010. On April 7, 2010, 250,000 of these options expired upon termination of a consultant's services, and on October 15, 2010, 50,000 of these options expired unexercised.

Note 6 Share Capital – Notes 4 and 11 – (cont'd)

Stock-based Compensation Plan: - (cont'd)

In August 2009, 1,000,000 outstanding stock options were exercised for gross proceeds of $50,000.

On June 29, 2009, the Company granted 660,000 options to its directors and a consultant at an exercise price of $0.05 per share, exercisable up to June 29, 2010.

On January 7, 2009, the Company granted 340,000 options to consultants at an exercise price of $0.05 per share, exercisable up to January 7, 2011.

Also on January 7, 2009, the Company granted 100,000 options to a consultant performing investor relations activities for the Company, at an exercise price of $0.05 per share, exercisable up to January 7, 2011. The options vest over a period of 12 months as to 25% on the date that is three months from the date of the grant, and a further 25% on each successive date that is three months from the date of the previous vesting. The investor relations consultant's tenure was not continued and accordingly his options were forfeited unvested on February 7, 2009.

The fair value of share purchase options granted during the year and included in expenses and contributed surplus was $437,000 (2009: $111,857). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2010	2009
Stock price volatility	199%	124% - 256%
Risk-free interest rate	1.37%	0.49% - 1.19%
Dividend yield	-	-
Expected life of options	2 years	1 - 2 years
Fair value of options granted	$0.19	$0.01 - $0.17

Share Purchase Warrants:

As at November 30, 2010, 9,931,000 share purchase warrants were outstanding as per the following tables (November 30, 2009: 6,936,850).

Exercise Price	Number of Shares	Expiry Date
$0.20	375,000	December 31, 2010
$0.20	456,000	May 25, 2011
$0.25	875,000	May 25, 2011
$0.20	6,000,000	December 31, 2011
$0.20	1,500,000	January 6, 2012
$0.10	725,000	March 9, 2012
	9,931,000	

Note 6 Share Capital – Notes 4 and 11 – (cont'd)

Share Purchase Warrants: - (cont'd)

	November 30, 2010		November 30, 2009	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	6,936,850	$0.08	2,850,000	$0.11
Issued	9,206,000	$0.20	5,799,350	$0.08
Exercised	(5,450,000)	$0.06	(1,712,500)	$0.10
Expired	(761,850)	$0.25	-	-
Outstanding, end of year	9,931,000	$0.20	6,936,850	$0.08

In November 2010, 712,500 warrants, at $0.25 exercise price, and 49,350 warrants, at $0.20 exercise price, with expiry November 5, 2010 expired unexercised.

In May 2010, pursuant to a unit private placement (Note 6 "Issued"), the Company issued 875,000 share purchase warrants exercisable at $0.25 per share until May 25, 2011. As finder's fees in connection with the two private placements completed in May 2010, the Company also issued 456,000 agent warrants exercisable at $0.20 per share until May 25, 2011. The Company recorded share issue costs of $45,600 and credited $45,600 to contributed surplus.

In January 2010, pursuant to a non-brokered unit private placement (Note 6 "Issued"), the Company issued 1,500,000 share purchase warrants exercisable at $0.20 per share until January 6, 2012.

In December 2009, pursuant to a non-brokered unit private placement (Note 6 "Issued"), the Company issued 6,000,000 share purchase warrants exercisable at $0.20 per share until December 31, 2011.

In December 2009, pursuant to an agency and sponsorship agreement (Note 10), the Company issued 375,000 share purchase compensation warrants exercisable at $0.20 per share until December 31, 2010. The Company recorded filing fees of $105,000 and credited $105,000 to contributed surplus. In November 2009, the Company issued 49,350 warrants exercisable at $0.20 per share for one year to the agents of a private placement (Note 6 "Issued"). The Company recorded share issue costs of $17,766 and credited $7,896 to contributed surplus.

In December 2009, 975,000 warrants, expiring March 9, 2012, were exercised for proceeds of $97,500. Also, 4,475,000 warrants, expiring August 12, 2010, were exercised for proceeds of $223,750.

Note 6 Share Capital – Notes 4 and 11 – (cont'd)

Share Purchase Warrants: - (cont'd)

In November 2009, pursuant to a non-brokered unit private placement (Note 6 "Issued"), the Company issued 750,000 share purchase warrants exercisable at $0.25 per share until November 5, 2010. As finder's fees in connection with the private placement completed in November 2009, the Company also issued 49,350 agent warrants exercisable at $0.20 per share until November 5, 2010.

In August 2009, pursuant to a non-brokered unit private placement (Note 6 "Issued"), the Company issued 5,000,000 share purchase warrants exercisable at $0.05 per share until August 12, 2010.

In February 2009, the Company extended the expiry date of 2,550,000 warrants from March 9, 2009 to March 9, 2012. The remaining terms of the warrants, including the exercise price of $0.10 per share, remain the same. In August 2009, 850,000 of these warrants were exercised for proceeds of $85,000. The fair value of the extended purchase warrants which has been recorded as stock based compensation was determined to be $37,657 using the Black-Scholes option-pricing model using the following assumptions:

	2009
Stock price volatility	117%
Risk-free interest rate	0.57%
Dividend yield	-
Expected life of warrants	3 year
Fair value of warrants granted	$0.01

The Company uses the Black-Scholes option pricing model to calculate the fair value of these warrants issued. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair value. For purpose of the calculation, the following assumptions were used:

	2010	2009
Stock price volatility	193-224%	256%
Risk-free interest rate	0.75% - 1%	0.56%
Dividend yield	-	-
Expected life of warrants	1 year	1 year
Fair value of warrants granted	$0.10-$0.28	$0.16

Note 6 Share Capital – Notes 4 and 11 – (cont'd)

Escrow Shares:

On March 9, 2007, the Company issued 5,100,000 seed capital common shares at $0.05 per share to investors and directors of the Company for gross proceeds of $255,000. Of these shares, 4,600,000, which are owned by officers and directors of the Company, were held in escrow, subject to National Policy 46-201 and pursuant to an escrow agreement dated January 10, 2008. The escrow shares will be released pro rata to the escrow shareholders as follows:

i) 10% upon the date the Company's securities are listed on a Canadian exchange (released August 26, 2008);
ii) 15% six months following the initial release (released);
iii) 15% twelve months following the initial release (released);
iv) 15% eighteen months following the initial release (released);
v) 15% twenty four months following the initial release (released);
vi) 15% thirty months following the initial release; and
vii) 15% thirty six months following the initial release.

As at November 30, 2010, 1,380,000 shares are held in escrow (2009: 2,760,000).

Contributed Surplus:

Continuity of contributed surplus is as follows:

Balance – November 30, 2008	$ 35,200
Stock-based compensation	111,857
Warrants exercised	(12,552)
Stock options exercised	(23,200)
Agent compensation	7,896
Balance – November 30, 2009	119,201
Stock-based compensation	437,000
Warrants exercised	(14,398)
Agent compensation	150,600
Balance – November 30, 2010	$ 692,403

Note 7 Related Party Transactions – Notes 5 and 10

The Company incurred the following charges with directors of the Company and companies with common directors:

	Year ended November 30, 2010	Year ended November 30, (Restated) 2009
Administrative and consulting fees	$ 46,500	$ 55,000
Management salaries expensed – Note 12	25,149	94,198
Loan interest	-	106
	$ 71,649	$ 149,304

These expenditures were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

Prepaid expenses at November 30, 2010 include $8,960 (2009: $5,250) in consulting fees paid to a company related by virtue of a common director.

Resource property costs for the year ended November 30, 2010 include $250,169 (2009: $93,469) paid to directors of the Company and companies with a common director for project management services. Also included in resource property costs for the year ended November 30, 2010 is $637,402 (2009: $93,469) in exploration expenditures on the Meunier-144 Property incurred by Lake Shore Gold on the Company's behalf.

Due to related party at November 30, 2010 includes amounts owing to directors and companies with common directors for unpaid project management services, expenses and salaries (Note 5). Due to related party also includes a provision of $320,264 (2009: Nil) payable to Lake Shore Gold for the exploration expenditures described above.

Note 8 Income Taxes

The provision for income taxes differs from the amount computed by applying the basic statutory rates to the loss before income taxes as follows:

	2010	2009
Losses before income taxes	$ 1,221,044	$ 426,279
Statutory income tax rate	28.63%	30.04%
Expected income tax recovery	$ 349,000	$ 128,000
Permanent differences	(157,000)	(35,000)
Non-taxable portion of capital gains	16,000	-
Effect of reduction in statutory rates	(24,000)	(5,000)
Share issue costs	29,000	3,000
Decrease (increase) in valuation allowance	97,000	(21,000)
Income tax recovery	$ 310,000	$ 70,000

Note 8 Income Taxes – (cont'd)

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

	2010	2009
Non-capital losses carry forward	$ 309,000	$ 161,000
Canadian development and exploration expenditures	(365,000)	(95,000)
Unrealized gain	(36,000)	-
Share issue costs	44,000	31,000
	(48,000)	97,000
	-	-
Less: valuation allowance	-	(97,000)
Future income tax liability	$ (48,000)	$ -

The Company has recorded a valuation allowance against its future income taxes based on the extent to which it is more likely than not that sufficient taxable income will be realized during the carry forward period to utilize all the future tax assets.

Subject to certain restrictions, the Company has accumulated $2,104,000 of Canadian development and exploration expenditures available to reduce taxable income of future years. In addition, the Company has accumulated non-capital losses totalling $1,236,000 that are available to reduce taxable income of future years. The non-capital losses expire as follows:

2027	$ 84,000
2028	209,000
2029	351,000
2030	592,000
	$ 1,236,000

Note 9 Non-Cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statement of cash flows:

a) The fair value of 375,000 compensation warrants calculated to be $105,000 and the deemed value of 100,000 compensation shares calculated to be $30,000 were included in filing fees for the year ended November 30, 2010.

b) Resource property costs of $32,288 were included in accounts payable and accrued liabilities and $330,515 were included in due to related parties at November 30, 2010.

Note 9 Non-Cash Transactions – (cont'd)

c) The Company issued 3,362,500 common shares at $0.16 per share for a total amount of $538,000, valued by the closing price of the Company's share at the date of issuance, for the acquisition of the Meunier Property during the year ending November 30, 2010.

The company issued 500,000 shares at $0.16 for a total amount of $77,500, valued by the closing price of the Company's share at the date of issuance, for the acquisition of the Timmins Property during the year ending November 30, 2009.

d) Resource property tax credit recovery of $69,087 was included in accounts receivable at November 30, 2009.

e) Resource property costs of $94,899 were included in accounts payable and accrued liabilities and $8,124 were included in due to related parties at November 30, 2009.

Note 10 Commitments – Notes 4 and 6

As a result of the private placement in Note 6(d), Lake Shore Gold owns 18.5% of the issued and outstanding common shares of the Company as at November 30, 2010. The Company and Lake Shore Gold have entered into a strategic alliance agreement dated December 31, 2009 (the "Strategic Alliance Agreement") whereby Lake Shore Gold has been granted the right to appoint two persons to the board of directors of the Company and the right to participate, on a pro rata basis, in any subsequent equity financings of the Company. Under the terms of the Strategic Alliance Agreement, Lake Shore Gold has also been granted rights of first refusal in connection with any property transactions or project financings to be undertaken by the Company.

The Strategic Alliance Agreement also provides Lake Shore Gold with the right, to take effect one year from the closing of the private placement, to acquire a 50% interest in the Company's Golden Property by incurring $5,000,000 of exploration expenditures on the property within a five year period.

Pursuant to an agreement dated December 30, 2009, the Company engaged an agent to act as the Company's advisor and sponsoring agent for the proposed listing of the Company on the TSX Venture Exchange. As consideration for all of these services, the Company agreed to pay the agent the sum of $30,000 for legal fees and issued 100,000 shares of the Company and 375,000 compensation warrants entitling them to acquire 375,000 shares of the Company at a price of $0.20 per share until December 31, 2010. The fair value of 375,000 compensation warrants calculated to be $105,000 and the deemed value of 100,000 compensation shares calculated to be $30,000 were included in filing fees for the year ending November 30, 2010.

Note 11 Subsequent Events

a) On December 30, 2010, the Company completed its acquisition of the Bazooka and McWatters gold properties in Quebec from Lake Shore Gold Corp. ("Lake Shore Gold") and closed three separate unit private placements (the "Private Placements") for total gross proceeds to the Company of $4,006,370.

Pursuant to the transaction with Lake Shore Gold, the Company's largest shareholder, which transaction was approved by the shareholders of the Company at a meeting held on December 30, 2010, the Company has issued to Lake Shore Gold 10,000,000 common shares, and transferred its interest in the Golden Property near Timmins, Ontario and up to 50% of the Company's earned interest in the Meunier JV property to Lake Shore Gold in consideration for the transfer to the Company by Lake Shore Gold of a 100% interest in the advanced stage Bazooka gold property in Quebec and the McWatters gold property in Quebec, as well as Lake Shore Gold agreeing to reimburse the Company for $500,000 in exploration expenditures in 2011 following the Company incurring a further $1,000,000 in exploration on the Meunier JV property adjacent to Lake Shore Gold's Timmins Mine property, Ontario.

In connection with the transfer of 50% of the Company's earned interest in the Meunier JV property to Lake Shore Gold, the Company and Lake Shore Gold will form a 50/50 joint venture and will share the Company's obligations under the Meunier JV with Adventure Gold Inc. The terms of the Company/Lake Shore Gold joint venture provide that, in the event that a party does not contribute its pro-rata share of expenditures on the Meunier JV property and a party's interest in the Meunier JV property falls below 10% then such party will transfer its remaining interest to the non-diluting party being either Lake Shore Gold or the Company.

On closing of the Private Placements, the Company issued a total of 4,607,000 units at $0.16 per unit (the "$0.16 Units"), a further 9,390,000 flow-through units at $0.20 per unit (the "$0.20 Units") and 4,968,750 structured flow-through units at $0.28 per unit (the "$0.28 Units"). Each $0.16 Unit was comprised of one common share and one half of a warrant, with each whole warrant (a "Warrant") entitling the holder to acquire a further common share of the Company at a price of $0.20 for a term of two years, expiring December 30, 2012. The $0.20 Units and the $0.28 Units were each comprised of one flow-through share and one half of a Warrant, with each whole warrant (a "Warrant") entitling the holder to acquire a further common share of the Company at a price of $0.20 for a term of two years, expiring December 30, 2012.

Note 11 Subsequent Events – (cont'd)

The Company paid finders' fees totalling $187,762 and issued 854,445 finders' warrants in connection with the Private Placements. Each finders' warrant entitles the holder to acquire one common share of the Company at a price of $0.20 for a term of two years expiring December 30, 2012.

b) Pursuant to a management agreement, dated January 1, 2010, with the President of the Company, a bonus payment of $75,000 was paid to the President in connection with being instrumental in obtaining to the benefit of the Company the equity funding valued at not less than $1,000,000 as described in Note 11(a). Effective January 1, 2011, the Company signed a management agreement to pay the President of the Company a salary of $4,000 per month expiring December 31, 2011.

c) Effective January 1, 2011, the Company signed an administrative and consulting services contract to pay $10,000 per month to a company with a common director expiring December 31, 2011.

d) The Company subsequently granted 1,875,000 options, expiring March 3, 2013 at an exercise price of $0.20, pursuant to the Company's Stock Option Plan approved by shareholders at the Annual General Meeting dated April 29, 2010.

Note 12 Comparative Figures

Certain comparative figures for the year ended November 30, 2009 have been restated to conform with the current year's presentation.