RT MINERALS CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

November 30, 2011 and 2010

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Independent Auditor's Report

To the Shareholders of
RT Minerals Corp.

We have audited the accompanying financial statements of RT Minerals Corp., which comprise the balance sheets as at November 30, 2011 and 2010, and the statements of loss, comprehensive loss and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements present fairly, in all material respects, the financial position of RT Minerals as at November 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company has accumulated losses since inception totalling $6,525,854 at November 30, 2011. This, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Accountants

Vancouver, BC
March 22, 2012

RT MINERALS CORP.
(An Exploration Stage Company)
BALANCE SHEETS
November 30, 2011 and 2010

ASSETS	2011	2010
Current		
Cash and cash equivalents	$ 1,071,151	$ 134,778
Short term investments – Notes 3 and 5	225,000	144,000
Amounts receivable	182,055	133,939
Prepaid expenses – Note 8	25,156	17,295
	1,503,362	430,012
Equipment – Note 4	10,142	-
Resource property costs – Notes 3, 5 and 8	2,233,262	3,562,786
	$ 3,746,766	$ 3,992,798
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 263,092	$ 111,186
Due to related parties – Notes 6 and 8	359,159	339,617
	622,251	450,803
Future Income Tax Liability – Note 9	5,000	48,000
	627,251	498,803
SHAREHOLDERS' EQUITY		
Share capital – Notes 5 and 7	8,561,444	4,291,027
Contributed surplus – Note 7	1,083,925	692,403
Deficit	(6,525,854)	(1,489,435)
	3,119,515	3,493,995
	$ 3,746,766	$ 3,992,798

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Notes 5, 7 and 11
Subsequent Event – Note 12

APPROVED BY THE DIRECTORS:

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

SEE ACCOMPANYING NOTES

RT MINERALS CORP.
(An Exploration Stage Company)
STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
for the years ended November 30, 2011 and 2010

	2011	2010
General and administration expenses		
Accounting and audit fees	$ 83,486	$ 62,203
Administrative and consulting fees – Note 8	119,000	64,451
Amortization	1,339	-
Filing fees	47,799	150,386
Investor communications	44,670	81,011
Legal fees	66,744	87,866
Management salaries – Note 8	101,356	143,676
Office Expenses – Note 8	74,935	55,396
Part XII.6 Tax	12,268	5,979
Stock-based compensation – Note 7	300,000	437,000
Transfer Agent	10,007	12,459
Travel and automobile	48,069	44,143
Loss before other item	(909,673)	(1,144,570)
Other items:		
Write-off of mineral properties – Note 5	(1,761,714)	(307,481)
Interest income	21,569	3,884
Unrealized gain/(loss) on short term investments	(105,000)	99,000
Gain on disposal of investments	86,000	128,123
Loss before income tax provision	(2,668,818)	(1,221,044)
Recovery of future income tax asset – Note 9	972,000	310,000
Net income (loss) and comprehensive income (loss) for the year	$ (1,696,818)	$ (911,044)
Basic and diluted income (loss) per share	$ (0.03)	$ (0.03)
Weighted average number of shares outstanding	67,404,182	33,993,904
Deficit, beginning of the year	$ (1,489,435)	$ (578,391)
Net income (loss) and comprehensive income (loss) for the year	(1,696,818)	(911,044)
Mineral property transactions – Note 5	(3,339,601)	-
Deficit, end of the year	$ (6,525,854)	$ (1,489,435)

SEE ACCOMPANYING NOTES

RT MINERALS CORP.

(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS

for the years ended November 30, 2011 and 2010

	2011	2010
Operating Activities		
Net income (loss) for the year	$ (1,696,818)	$ (911,044)
Items not involving cash:		
Amortization	1,339	-
Write-off of mineral properties	1,761,714	307,481
Stock-based compensation	300,000	437,000
Filing fees	-	135,000
Unrealized (gain)/loss on temporary investments	105,000	(99,000)
Gain on disposal of short term investments	(86,000)	(128,123)
Recovery of future income tax asset	(972,000)	(310,000)
	(586,765)	(568,686)
Changes in non-cash working capital items related to operations:		
Amounts receivable	(48,116)	(45,106)
Prepaid expenses	(7,861)	63,680
Accounts payable and accrued liabilities	(7,548)	(59,263)
	(650,290)	(609,375)
Investing Activity		
Resource property costs, net of tax credit recovery – Note 5	(2,247,602)	(2,237,749)
Acquisition of short-term investments	(100,000)	(200,000)
Acquisition of equipment	(11,481)	-
Proceeds from sale of mineral interests	500,000	-
Proceeds from sale of short-term investments	-	328,123
	(1,859,083)	(2,109,626)
Financing Activities		
Common shares issued for cash	4,081,370	2,971,249
Share issue costs	(298,431)	(115,443)
Due to related parties	(337,193)	(33,116)
	3,445,746	2,822,690
Increase in cash during year	936,373	103,689
Cash, beginning of the year	134,778	31,089
Cash, end of the year	$ 1,071,151	$ 134,778
Cash and cash equivalents consist of:		
Cash	$ 11,151	$ 14,778
Term deposits	1,060,000	120,000
	$ 1,071,151	$ 134,778
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Non-cash Transactions – Note 10		

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, 2011, the Company held under option a 100% interest in two resource properties located near Rouyn-Noranda, Quebec; and a 12.5% interest in a second resource property located near Timmins, Ontario with an option to acquire a further 12.5% interest in the property (Note 5).

The Company is in the exploration stage and is in the process of exploring and developing its resource properties 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, 2011, the Company had not yet achieved profitable operations, has accumulated losses of $6,525,854 since inception and expects to incur further losses in the development of its business, all of which casts significant 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.

d) Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments held with a Canadian Chartered Bank, which are readily convertible into cash and are redeemable on demand without penalty. At November 30, 2011, the company had cash equivalents of $1,060,000 (2010: $120,000) which were held in redeemable guaranteed investment certificates which mature on December 30, 2011and bear interest at prime less 1.8%.

Note 2 Significant Accounting Policies – (cont'd)

e) 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, 2011, the Company has determined that it does not have any asset retirement obligations.

f) 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, 2011.

g) 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.

h) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Note 2 Significant Accounting Policies – (cont'd)

i) 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.

j) Financial Instruments

The Company designated cash and cash equivalents 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.

k) 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.

l) Basic and Diluted Income (Loss) Per Share

Basic income/(loss) per share is calculated by dividing the net income/(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, 2011, potentially dilutive common shares (relating to share purchase options and warrants outstanding) totalling 22,587,320 (2010: 12,231,000) were not included in the computation of loss per share because their effect was anti-dilutive.

m) 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.

Note 2 Significant Accounting Policies – (cont'd)

m) Stock-Based Compensation – (cont'd)

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.

n) 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.

o) Capital Disclosure

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.

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, 2011.

Note 2 Significant Accounting Policies – (cont'd)

p) Financial Instruments – Disclosure and Presentation

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.

As at November 30, 2011, the Company's financial liabilities were comprised of accounts payable and accrued liabilities, due to related parties, and future income tax liability. As at November 30, 2011, the Company had current assets of $1,503,362 (2010 - $430,012) and current liabilities of $622,251 (2010 - $450,803). 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 surplus of the Company is $881,111 (2010 – working capital deficit $20,791).

Note 2 Significant Accounting Policies – (cont'd)

p) Financial Instruments – Disclosure and Presentation – (cont'd)

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 exploration 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.

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. The Company has cash balances of $1,071,151 of which the Company has invested $1,060,000 into a guaranteed investment certificate. Due to the short term of this investment the Company's exposure to interest rate fluctuations is minimal. The Company has no interest-bearing debt and therefore it is not exposed to interest rate risk at this time.

g) Fair Value Hierarchy

The Company has 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:

Note 2 Significant Accounting Policies – (cont'd)

p) Financial Instruments – Disclosure and Presentation – (cont'd)

g) Fair Value Hierarchy – (cont'd)

- 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.

q) 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.

Note 2 Significant Accounting Policies – (cont'd)

q) New Accounting Pronouncements – (cont'd)

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 2012.

Note 3 Short Term Investments – Note 5

a) Pursuant to a property option agreement described in Note 5(b) 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 November 30, 2010. During the 2010 fiscal year, the Company sold 1,000,000 common shares of AGE 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 determined to be $45,000 at acquisition. The Company exercised the warrants in March 2011 and purchased 500,000 common shares for $100,000. The fair market value of the investment at November 30, 2011 was $225,000 based on the closing share price of $0.45 on November 30, 2011. The fair value of these warrants was calculated to be $144,000 at November 30, 2010 using the Black-Scholes pricing model with the following assumptions:

Compensation warrants	November 30, 2011	November 30, 2010
Opening balance	$ 144,000	$ -
Compensation warrants received	-	45,000
Unrealized gain on short term investments	-	99,000
Realized gain on short term investments	86,000	-
Warrants exercised during period	(230,000)	-
Closing balance	$ -	$ 144,000
Common shares		
Opening balance	$ -	$ -
Warrants exercised	230,000	-
Cash payment	100,000	200,000
Realized gain on short term investments	-	128,123
Disposal of short term investments	-	(328,123)
Unrealized loss on short term investments	(105,000)	-
Closing balance	$ 225,000	$ -

Note 3 Short Term Investments – Note 5 – (cont'd)

	November 30, 2011	November 30, 2010
Stock price volatility	n/a	114%
Risk-free interest rate	n/a	1.60%
Dividend yield	-	-
Expected life of warrants	n/a	0.5 year
Fair value of warrants granted	n/a	$0.29

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

Note 4 Equipment

	Cost	Accumulated Amortization	2011 Net Book Value	2010 Net Book Value
Office furniture and equipment	$ 11,481	$ 1,339	$ 10,142	$ -

Note 5 Resource Property Costs – Notes 3 and 7

	Baie Comeau	Bazooka	Golden (Note 5c)	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	-	-	5,403
General geology	-	5,134	39,308	-	-	44,442
Geophysics	-	-	296,590	-	-	296,590
Project management – Note 8	3,600	7,760	228,454	4,844	42,583	287,241
Site meals, lodging and travel	-	1,180	50,092	640	437	52,349
Stripping / trenching	-	-	42,092	-	-	42,092
	3,600	26,886	1,459,221	5,696	641,831	2,137,234
Less: tax credit recovery	(14,182)	-	-	-	-	(14,182)
Mineral properties written off	(307,481)	-	-	-	-	(307,481)
	(318,063)	26,886	1,459,221	5,696	641,831	1,815,571
Balance, November 30, 2010	$ -	$ 26,886	$2,037,873	$ 5,696	$1,492,331	$3,562,786

Note 5 Resource Property Costs – Notes 3 and 7 – (cont'd)

	Bazooka	Golden (Note 5c)	McWatters	Meunier-144	Total
Balance, November 30, 2010	$ 26,886	$2,037,873	$ 5,696	$ 1,492,331	$ 3,562,786
Acquisition costs					
Shares	406,070	-	6,365	-	412,435
Non-cash	550,930	-	8,635	-	559,565
	957,000	-	15,000	-	972,000
Deferred exploration costs					
Administration	9,426	250	3,649	59,795	73,120
Assaying and development	68,749	607	-	-	69,356
Core logging, cutting, sampling	67,637	-	-	-	67,637
Data entry, drafting, reporting	51,466	5,136	3,105	660	60,367
Drilling	632,229	-	-	1,367,254	1,999,483
Facility rental	15,135	1,300	-	-	16,435
Field crew expenses	4,601	-	9	5,402	10,012
General geology	9,552	-	8,993	-	18,545
Geophysics	32,615	-	9,320	-	41,935
Mineral Claims	-	-	506	-	506
Permitting	6,808	-	2,067	-	8,875
Project management – Note 8	145,902	6,200	59,530	86,420	298,052
Property taxes	-	-	-	1,658	1,658
Site meals, lodging and travel	21,144	-	3,890	428	25,462
Surface Sampling Reconnaissance	11,098	-	61,249	-	72,347
	1,076,362	13,493	152,318	1,521,617	2,763,790
Less: properties sold	-	(2,045,957)	-	(1,257,644)	(3,303,601)
Mineral properties written off	-	(5,409)	-	(1,756,304)	(1,761,713)
	1,076,362	(2,037,873)	152,318	(1,492,331)	(2,301,524)
Balance, November 30, 2011	$2,060,248	$ -	$ 173,014	$ -	$ 2,233,262

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

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 Corp. ("Lake Shore Gold"), the Company's largest shareholder. Pursuant to the transaction, which 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 a $500,000 cash payment to the Company by Lake Shore Gold upon the Company's exercise of the First Option to earn an initial 25% interest on the Meunier JV property adjacent to Lake Shore Gold's Timmins Mine property, Ontario.

Note 5 Resource Property Costs – Notes 3 and 7 – (cont'd)

a) Bazooka and McWatters Properties (Rouyn Noranda, Quebec) – (cont'd)

This related party transaction was measured at the carrying amount. Prior to the sale, the total mineral interests recorded in the properties by Lake Shore Gold was $957,000 for Bazooka and $15,000 for McWatters at December 30, 2010. The Golden property had a book value of $2,045,957 at December 30, 2010 and the 10,000,000 common shares of the Company were valued at $0.1508 per share, based on the closing stock price of $0.25 per share, less a Black Scholes calculated put value of $0.0992 to reflect the functional hold period of the shares (see Note 7(b)). The acquisition cost of the properties was recorded at their carrying amounts with the difference in consideration paid of $2,581,957 debited to retained earnings.

b) Meunier-144 Property (Timmins, Ontario)

By an option agreement dated May 5, 2010, further subject to an agreement with Lake Shore Gold dated December 10, 2010 described below, 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., 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.

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 (incurred); 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.

Note 5 Resource Property Costs – Notes 3 and 7 – (cont'd)

b) Meunier-144 Property (Timmins, Ontario) – (cont'd)

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.

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.

Note 5 Resource Property Costs – Notes 3 and 7 – (cont'd)

b) Meunier-144 Property (Timmins, Ontario) – (cont'd)

By an agreement dated December 10, 2010, the Company sold 50% of its interest in the Meunier-144 Property to Lake Shore Gold (Note 5(a)). Pursuant to the transaction, which 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 a $500,000 cash payment to the Company by Lake Shore Gold upon the Company's exercise of the First Option to earn an initial 25% interest 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 have formed 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.

The Company completed the initial $1,500,000 in exploration expenditures on the Meunier JV property as at May 31, 2011 and exercised the First Option to earn a 25% interest in the property on June 30, 2011. Lake Shore Gold completed the $500,000 cash payment to the Company and the Company has assigned 50% of this interest (12.5%) to Lake Shore Gold. This related party transaction was measured at the carrying amount. Prior to the assignment, the Meunier property had a book value of $2,515,288 at June 30, 2011. The Company recorded receipt of the $500,000 cash payment and credited 50% of the carrying amount of the Meunier property with the difference in consideration received of $757,644 debited to retained earnings.

The Company has provided notice to Adventure Gold that it elects to exercise the Second Option to acquire an additional 25% (12.5% to be assigned to Lake Shore Gold) undivided interest in the property.

Subsequent to year end, the Joint Venture made the decision to discontinue its current drilling program on the Meunier JV property due to technical difficulties encountered at depth; lack of significant gold mineralization; and budget analysis outlining drilling costs that in the opinion of the Joint Venture participants are too high to warrant further drilling at this time. Accordingly, $1,756,304 in acquisition costs and exploration expenditures relating to the property was written off at November 30, 2011.

Note 5 Resource Property Costs – Notes 3 and 7 – (cont'd)

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

By an option agreement dated July 31, 2009, the Company 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.

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

Pursuant to a strategic alliance agreement dated December 31, 2009 (Note 11), Lake Shore Gold has the right, to take effect one year from the closing of the private placement in Note 7(d), 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.

By an agreement dated December 10, 2010, the Company sold its interest in the Golden Property to Lake Shore Gold in a transaction that closed on December 30, 2010 (Note 5(a)). Prior to the disposal, the mineral interest recorded in the property was $2,045,957. A further $4,802 in expenditures was incurred on the property subsequent to the sale and was written off during the period under review.

d) Baie Comeau Property (Quebec)

By an option agreement dated March 27, 2007 and amended on August 29, 2008, the Company 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 was 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 was 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 2010 financial year.

Note 6 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 7 Share Capital – Notes 5 and 12

Authorized:

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

Issued: common shares

		Number	Amount
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)
Flow through share renunciation		-	(358,000)
For Meunier Property option	– at $0.16	3,362,500	538,000
Balance, November 30, 2010		40,475,000	4,291,027
For cash:			
Warrant exercise		375,000	75,000
Transfer from contributed surplus on exercise of warrants		-	105,000
Pursuant to a private placement	– at $0.16	4,607,000	737,120
Pursuant to a private placement	– at $0.20	9,390,000	1,878,000
Pursuant to an agency agreement	– at $0.28	4,968,750	1,391,250
Share issue costs		-	(406,953)
Flow through share renunciation		-	(1,017,000)
For Bazooka and McWatters properties	– at $0.15	10,000,000	1,508,000
Balance, November 30, 2011		69,815,750	$ 8,561,444

Note 7 Share Capital – Notes 5 and 12 – (cont'd)

Issued: - (cont'd)

a) During the year ended 31, 2011, the Company raised gross proceeds of $4,006,370 pursuant to three separate unit private placements (the "Private Placements") in connection with a property agreement described in Note 5(a). 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. The Company paid finders' fees and share issue costs totalling $298,431 and issued 854,445 finders' warrants valued at $196,522 in connection with the Private Placements less $88,000 relating to the future income tax liability. 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) On December 30, 2010, the Company issued 10,000,000 common shares in connection with the Bazooka and McWatters property agreement described in Note 5(a). These shares were valued at a price of $0.1508 per share, based on the closing stock price of $0.25 per share less a Black-Scholes calculated put value of $0.0992 per share to reflect the functional hold period of the shares. The Black-Scholes pricing model used the following assumptions:

	November 30, 2011	November 30, 2010
Stock price volatility	107.5%	-
Risk-free interest rate	1.71%	-
Dividend yield	-	-
Expected life	1.0 year	-
Fair value of put	$0.10	-

c) 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 5(b). 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.

Note 7 Share Capital – Notes 5 and 12 – (cont'd)

Issued: - (cont'd)

d) In May 2010, the Company issued 2,500,000 common shares in connection with the Meunier-144 property option agreement described in Note 5(b) 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.

e) 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 11).

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.

For the units issued in 7(a), (c) 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 $5,261,814 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 $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, $800,000 in exploration expenses was renounced in February 2011. The Company recorded a recovery of future income tax assets of $32,644 with a reduction in share capital of $200,000 with respect to the renunciation. The Company is required to incur $800,000 ($800,000 incurred by December 31, 2010) in qualifying exploration expenses before December 31, 2011.

Note 7 Share Capital – Notes 5 and 12 – (cont'd)

Issued: - (cont'd)

As a result of the $1,878,000 flow-through share proceeds raised in December 2010, $1,877,061 in exploration expenses was renounced in February 2011. The Company recorded a reduction in share capital of $469,265 with respect to the renunciation. The Company is required to incur $1,877,061 ($1,451,000 incurred by November 30, 2011) in qualifying exploration expenses before December 31, 2011.

As a result of the $1,391,250 flow-through share proceeds raised in December 2010, $1,390,753 in exploration expenses was renounced in February 2011. The Company recorded a reduction in share capital of $347,734 with respect to the renunciation. The Company is required to incur $1,390,753 ($1,215,000 incurred by November 30, 2011) in qualifying exploration expenses before December 31, 2011.

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 21, 2011 the Board approved a new Share Option Plan (the "New Plan") to replace the Existing Plan, which incorporates the new TSXV option plan policies effective December 15, 2008, as well as provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertificated shares. The New Plan is also a 10% rolling plan and was approved by the Company's shareholders on April 29, 2011. The New Plan came into effect on August 5, 2011 upon acceptance by the TSXV of the Company's listing application and commencement of trading on the TSXV.

As at November 30, 2011, there were 4,025,000 share purchase options outstanding, as per the following table:

	November 30, 2011		November 30, 2010	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	2,300,000	$0.25	300,000	$0.20
Granted	1,875,000	$0.20	2,300,000	$0.25
Exercised	-	-	-	-
Expired/Cancelled	(150,000)	$0.25	(300,000)	$0.20
Outstanding and exercisable, end of year	4,025,000	$0.23	2,300,000	$0.25

Exercise Price	Number of Options	Expiry Date
$0.25	2,150,000	March 1, 2012
$0.20	1,875,000	March 3, 2013
	4,025,000	

Note 7 Share Capital – Notes 5 and 12 – (cont'd)

Stock-based Compensation Plan – (cont'd)

The weighted average life of options outstanding at November 30, 2011 is 0.72 years.

On May 1, 2011, 150,000 options, at $0.25 exercise price with March 1, 2012 expiry, were cancelled, 90 days after the service provider's relationship with the Company was terminated.

On March 3, 2011, the Company granted 1,800,000 stock options to insiders and 75,000 stock options to employees and consultants. Each option is exercisable at $0.20 per share until March 3, 2013.
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.

The fair value of share purchase options granted during the period and included in expenses and contributed surplus was $300,000 (2010: $437,000). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2011	2010
Stock price volatility	185%	199%
Risk-free interest rate	1.62%	1.37%
Dividend yield	-	-
Expected life of options	2 years	2 years
Fair value of options granted	$0.16	$0.19

Share Purchase Warrants:

As at November 30, 2011, 18,562,320 share purchase warrants were outstanding as per the following tables (November 30, 2010: 9,931,000).

Exercise Price	Number of Shares	Expiry Date
$0.20	6,000,000	December 31, 2011
$0.20	1,500,000	January 6, 2012
$0.10	725,000	March 9, 2012
$0.20	10,337,320	December 30, 2012
	18,562,320	

Note 7 Share Capital – Notes 5 and 12 – (cont'd)

Share Purchase Warrants: - (cont'd)

	November 30, 2011		November 30, 2010	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	9,931,000	$0.20	6,936,850	$0.08
Issued	10,337,320	$0.20	9,206,000	$0.20
Exercised	(375,000)	$0.20	(5,450,000)	$0.06
Expired	(1,331,000)	$0.23	(761,850)	$0.25
Outstanding, end of year	18,562,320	$0.20	9,931,000	$0.20

In May 2011, 875,000 warrants, at $0.25 exercise price, and 456,000 warrants, at $0.20 exercise price, with expiry May 25, 2011 expired unexercised.

In December 2010, pursuant to three separate unit private placements (Note 7 "Issued"), the Company issued 9,482,875 share purchase warrants exercisable at $0.20 per share until December 30, 2012. As finder's fees in connection with the three private placements completed in December 2010, the Company also issued 854,445 agent warrants exercisable at $0.20 per share until December 30, 2012. The Company recorded share issue costs of $196,522 and credited $196,522 to contributed surplus.
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 December 2009, pursuant to an agency and sponsorship agreement (Note 11), 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 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 7 Share Capital – Notes 5 and 12 – (cont'd)

Share Purchase Warrants: - (cont'd)

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 purposes of the calculation, the following assumptions were used:

	2011	2010
Stock price volatility	225%	193-224%
Risk-free interest rate	1.44%	0.75% - 1%
Dividend yield	-	-
Expected life of warrants	2 year	1 year
Fair value of warrants granted	$0.23	$0.10-$0.28

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 were 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 (released); and

vii) 15% thirty six months following the initial release (released).

As at November 30, 2011, there are no shares held in escrow (2010: 1,380,000 shares).

Note 7 Share Capital – Notes 5 and 12 – (cont'd)

Contributed Surplus:

Continuity of contributed surplus is as follows:

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
Stock-based compensation	300,000
Warrants exercised	(105,000)
Agent compensation	196,522
Balance – November 30, 2011	$ 1,083,925

Note 8 Related Party Transactions – Notes 7 and 11

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

	Year ended November 30,	
	2011	2010
Administrative and consulting fees	$ 119,000	$ 46,500
Management salaries expensed – Note 11	70,283	104,608
Office expenses	4,828	-
	$ 194,111	$ 151,108

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

Prepaid expenses at November 30, 2011 include $13,440 (2010: $8,960) in consulting fees paid to a company with a common director.

Resource property costs for the year ended November 30, 2011 include $214,689 (2010: $250,169) 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, 2011 is $1,536,181 (2010: $637,402) in exploration expenditures on the Meunier-144 and Bazooka properties incurred by Lake Shore Gold on the Company's behalf.

Note 8 Related Party Transactions – Notes 7 and 11 – (cont'd)

Due to related party at November 30, 2011 includes amounts owing to directors and companies with common directors for unpaid project management services, expenses and salaries of $36,547 (2010: $19,353) (Note 6). Due to related party also includes $322,612 (2010: $320,264) payable to Lake Shore Gold for the exploration expenditures described above.

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 7(a). This payment was charged to share issue costs.

Note 9 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:

	2011	2010
Losses before income taxes	$ 2,668,818	$ 1,221,044
Statutory income tax rate	26.67%	28.63%
Expected income tax recovery	$ 712,000	$ 349,000
Permanent differences	(83,000)	(157,000)
Non-taxable portion of capital gains	-	16,000
Effect of reduction in statutory rates	(39,000)	(24,000)
Share issue costs	(13,000)	29,000
Impact of resource property transaction with shareholders	395,000	
Decrease (increase) in valuation allowance	-	97,000
Income tax recovery	$ 972,000	$ 310,000

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

	2011	2010
Non-capital losses carry forward	$ 484,000	$ 309,000
Canadian development and exploration expenditures	(546,000)	(365,000)
Unrealized gain	(31,000)	(36,000)
Share issue costs	88,000	44,000
	(5,000)	(48,000)
	-	-
Less: valuation allowance	-	-
Future income tax liability	$ (5,000)	$ (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.

Note 9 Income Taxes – (cont'd)

Subject to certain restrictions, the Company has accumulated $1,808,000 of Canadian development and exploration expenditures available to reduce taxable income of future years. In addition, the Company has accumulated non-capital losses totalling $1,935,000 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
2031	699,000
	$1,935,000

Note 10 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) Resource property costs of $159,454 were included in accounts payable and accrued liabilities and $356,735 were included in due to related parties at November 30, 2011.

b) The Company issued 10,000,000 common shares at $0.1508 per share for a total amount of $1,508,000, for the acquisition of the Bazooka and McWatters properties during the year ending November 30, 2011.

c) 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.

d) Pursuant to the property option agreements described in Note 5(a) and Note 5(b), the Company recorded a loss on property acquisition of the Bazooka and McWatters properties of $2,581,957 and a $757,644 loss on the disposal of the Meunier-144 property. These amounts were debited to retained earnings for the year ended November 30, 2011.

e) 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.

f) 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 shares at the date of issuance, for the acquisition of the Meunier Property during the year ending November 30, 2010.

Note 11 Commitments – Note 5

Lake Shore Gold owns 27.2% of the issued and outstanding common shares of the Company as at November 30, 2011. 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.

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 have formed 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.

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.

Effective January 1, 2011, the Company signed a management agreement to pay the President of the Company a salary of $4,000 per month for the term of the contract expiring December 31, 2011. This agreement was subsequently cancelled on April 1, 2011 and replaced by a Consulting, Management and Key Personnel Agreement (see below).

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 for the term of the contract expiring December 31, 2011. This agreement was subsequently cancelled on April 1, 2011 and replaced by a Consulting, Management and Key Personnel Agreement (see below).

Effective April 1, 2011 and as amended on August 17, 2011, the Company signed a Consulting, Management and Key Personnel Agreement to pay $12,000 per month to a company with a common director for the term of the contract expiring December 31, 2012. This agreement replaces the agreement dated January 1, 2011 to pay the President of the Company a salary of $4,000 per month; and the agreement dated January 1, 2011 to pay $10,000 per month to a company with a common director.

Note 11 Commitments – Notes 5 and 8 – (cont'd)

The Company is co-tenant to an Office Lease for a three year term commencing May 1, 2011. The Company is committed to following gross rental amounts per financial year: 2012 - $36,774; 2013 - $37,800; and 2014 $15,768. Under the terms of the Office Lease the Company is also responsible for its portion of tax costs and operating costs. The operating costs will be adjusted annually. The Company and its Co-Tenant have agreed to each pay for 50% of the rent due and owing.

Note 12 Subsequent Events

a) Subsequent to year end, the Company and Lake Shore Gold completed the $1,500,000 in exploration expenditures on the Meunier JV property as required under the Second Option. Upon final review and acceptance of the expenditures by Adventure Gold and the issuance of 250,000 common shares of the Company to AGE, the Company will have acquired an additional 25% (12.5% to be assigned to Lake Shore Gold) undivided interest in the property. After the transfer of ownership, the Meunier JV property ownership will consist of AGE (50%), LSG (25% - Operator) and RTM (25%).

b) Subsequent to year end, 7,500,000 share purchase warrants with an exercise price of $0.20 per share and 750,000 share purchase warrants with an exercise price of $0.10 per share expired unexercised.

c) Subsequent to year end, 2,150,000 incentive stock options with an exercise price of $0.25 per share expired unexercised.

d) Subsequent to year end, the Company exercised warrants to purchase 500,000 common shares of Adventure Gold Inc. at $0.27 per share. The Company subsequently sold 900,000 shares in Adventure Gold Inc.