NV GOLD CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTH PERIOD ENDED MAY 31, 2012

(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

NOTICE TO READER

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended May 31, 2012.

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
AS AT

	May 31, 2012	August 31, 2011 (Note 16)
ASSETS		
Current		
Cash	$ 165,135	$ 939,896
Accounts receivable (Note 6)	2,612	20,883
Prepaid expenses	-	8,225
	167,747	969,004
Reclamation bonds (Note 5)	37,115	49,732
Exploration and evaluation assets (Note 7)	1,721,602	1,263,645
	$ 1,926,464	$ 2,282,381
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 19,738	$ 142,135
Shareholders' equity		
Share capital (Note 9)	3,839,159	3,716,659
Share-based payments reserve (Note 9)	461,778	314,517
Deficit	(2,394,211)	(1,890,930)
	1,906,726	2,140,246
	$ 1,926,464	$ 2,282,381

Nature of operations (Note 1)
Basis of presentation (Note 2)

On behalf of the Board
on July 30, 2012

"John Watson" Director *"Wayne Yang"* Director

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

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three month period ended May 31, 2012	Three month period ended May 31, 2011	Nine month period ended May 31, 2012	Nine month period ended May 31, 2011
EXPENSES				
Advertising and promotion	$ 367	$ 12,708	$ 24,367	$ 31,405
Bank charges and interest	245	363	1,465	745
Consulting	40,549	25,309	142,144	135,044
Office and general	3,059	7,811	28,191	20,206
Professional fees	11,903	22,575	93,578	75,535
Property investigation	-	-	3,647	-
Registration and filing	5,044	8,349	11,488	10,962
Shareholder costs	212	-	5,237	4,372
Share-based compensation (Note 9)	1,948	13,598	136,573	13,598
Transfer agent	1,098	2,747	7,307	5,876
Travel and related	24,116	25,506	41,361	25,881
Loss before other items	(88,541)	(118,966)	(495,358)	(323,624)
OTHER ITEMS				
Foreign exchange loss	(6,434)	(47,707)	(11,652)	(87,309)
Interest income	1,126	611	3,729	5,141
	(5,308)	(47,096)	(7,923)	(82,168)
Loss and comprehensive loss for the period	$ (93,849)	$ (166,062)	$ (503,281)	$ (405,792)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of shares outstanding	21,344,294	17,866,436	21,225,681	15,819,661

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

NV GOLD CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
MAY 31, 2012

	Share Capital		Share-based		Total
	No. of Shares	Amount	Payments Reserve	Deficit	Equity
Balance, September 1, 2010	**14,606,660**	**$ 1,868,229**	**$ 276,998**	**$ (1,036,370)**	**$ 1,108,857**
Private placement	5,597,334	1,679,200	-	-	1,679,200
Exercise of warrants	340,300	149,183	(13,063)		136,120
Issue costs	-	(30,358)	-	-	(30,358)
Shares and warrants issued for mineral properties	250,000	57,500	22,660	-	80,160
Share-based compensation	-	-	13,598	-	13,598
Loss for the period	-	-	-	(405,792)	(405,792)
Balance, May 31, 2011	**20,794,294**	**$ 3,723,754**	**$ 300,193**	**$ (1,442,162)**	**$ 2,581,785**

	Share Capital		Share-based		Total
	No. of Shares	Amount	Payments Reserve	Deficit	Equity
Balance, September 1, 2011	**20,794,294**	**$ 3,716,659**	**$ 314,517**	**$ (1,890,930)**	**$2,140,246**
Shares and warrants issued for mineral properties	250,000	62,500	10,688	-	73,188
Share-based compensation	-	-	136,573	-	136,573
Common shares for finder's fee on Medel Permit	35,000	7,000	-	-	7,000
Common shares for Medel Permit technical data	265,000	53,000	-	-	53,000
Loss for the period	-	-	-	(503,281)	(503,281)
Balance, May 31, 2012	**21,344,294**	**$ 3,839,159**	**$ 461,778**	**$ (2,394,211)**	**$1,906,726**

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

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Nine month period ended May 31, 2012	Nine month period ended May 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (503,281)	$ (405,792)
Items not affecting cash		
Foreign exchange on reclamation bonds	(1,886)	-
Share-based compensation	136,573	13,598
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	18,271	(21,833)
Decrease in prepaid expenses	8,225	1,566
Decrease in accounts payable and accrued liabilities	(25,403)	(10,873)
Net cash used in operating activities	(367,501)	(423,334)
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund of reclamation bonds	14,503	-
Exploration and evaluation assets	(421,763)	(475,645)
Exploration advance	-	(51,871)
Net cash used in investing activities	(407,260)	(527,516)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	-	1,815,320
Share issue costs	-	(30,357)
Net cash used in financing activities	-	1,784,963
Change in cash during the period	(774,761)	834,113
Cash, beginning of period	939,896	655,573
Cash, end of period	$ 165,135	$ 1,489,686

Supplemental disclosures with respect to cash flows (Note 13)

1. NATURE OF OPERATIONS

The Company was incorporated under the laws of the province of British Columbia on May 23, 2007. On November 23, 2009, the Company completed its Qualifying Transaction by acquiring all of the issued and outstanding common shares of NV Gold Corporation (USA) Inc. ("NV Gold USA"), a private exploration stage company. The Company began trading on the TSX Venture Exchange ("TSX-V") on November 26, 2009 under the trading symbol NVX.

The address of the Company's corporate office and its registered office is located at Suite 810 -609 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on July 30, 2012.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of the Company for the year ending August 31, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed consolidated interim financial statements for the nine month period ended May 31, 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting and, as they are part of the Company's first IFRS annual reporting period, IFRS 1 First-time Adoption of International Reporting Standards has been applied.

As these condensed consolidated interim financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2011 and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company provided in Note 16.

b) Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

2. BASIS OF PREPARATION (cont'd…)

b) Basis of Measurement (cont'd…)

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of $503,281 during the nine months ended May 31, 2012 and, as of that date the Company's deficit was $2,394,211. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

	May 31, 2012	August 31, 2011
Working capital	$ 148,009	$ 826,869
Deficit	(2,394,211)	(1,8980,930)

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated interim financial statements include the financial statements of the parent company, NV Gold Corporation, and its subsidiaries listed below:

	Jurisdiction	Nature of Operations	Equity Interest 2012	Equity Interest 2011
NV Gold Corporation(USA) Inc. ("NV Gold USA")	Nevada, USA	Exploration	100%	100%
SwissGold Exploration AG ("SwissGold")	Switzerland	Exploration	100%	-

The financial statements of the subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets

Financial assets are classified into one of the following categories: fair value through profit or loss, loans and receivables, available-for-sale, or held-to-maturity investments. The classification depends on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. Management determines the classification of its financial asset at initial recognition. The Company's accounting policy for each category is as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and are classified as current assets. Derivatives are also categorized as held for trading unless they are designated as hedges.

(ii) Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivable are derecognized or impaired, as well as through the amortization process.

(iii) Available-for-sale investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally of the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchase and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

(iv) Held-to-maturity investments

The held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

The Company has classified its cash as fair value through profit and loss. The Company's amounts receivable and reclamation bonds are classified as loans and receivables.

Impairment on financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise accounts payables and accrued liabilities and amounts due to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Accounts payable amounts are unsecured and are usually paid within 30 days of recognition.

The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as material used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets (cont'd…)

Exploration and evaluation expenditures (cont'd…)

When a project is deemed to no longer have commercially viable prospects to the Company, mineral property expenditures in respect of that project are deemed to be impaired. As a result, those mineral property expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss or income.

The Company assesses mineral properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction". Mineral property assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Reclamation bonds

Cash which is subject to contractual restrictions on use is classified separately as reclamation bonds. Reclamation bonds are classified as loans and receivables.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd…)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based payment transactions

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in share-based payments reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability-specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period which they occur.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earning/Loss per share

Basic earnings / loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss or income.

New Standards Not Yet Adopted

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after January 1, 2013 or later years. Early adoption of either IFRS 10, 11 or 12 is permitted but requires the concurrent adoption of the other two standards.

IFRS 9, "Financial Instruments", is part of the IASB's wider project to replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 retains but simplifies the mixed measurement model and established two primary measurement categories for financial assets; amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company on or after January 1, 2015. The Company will continue to evaluate and monitor the developments of this new standard.

IFRS 10, "Consolidated Financial Statements", establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard builds on the existing principles of 'control' by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. There will be no significant impact on the Company upon implementation of the issued standard.

IFRS 11, "Joint Arrangements", provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The Company anticipates reviewing all existing arrangements for classification, particularly our mineral property agreements and may require assistance from its external advisors.

IFRS 12, "Disclosure of Interests in Other Entities", is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company anticipates reviewing all existing arrangements for classification, particularly our mineral property agreements and may require assistance from its external advisors.

IFRS 13, "Fair Value Measurements", is a new comprehensive standard on measuring and disclosing fair value and will supersede all other fair value guidance in IFRS. The Company anticipates reviewing all existing fair valued accounts and may require assistance from its external auditors.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 9.

(Expressed in Canadian Dollars)

5. RECLAMATION BONDS

The Company's refundable reclamation bonds are comprised of the following:

		May 31, 2012		August 31, 2011
Afgan-Kobeh property (US$18,447)	$	19,053	$	18,248
Fisher Canyon property (US$22,600 – refund pending)		8,530		22,356
Roberts Gold property (US$9,228)		9,532		9,128
Total	$	37,115	$	49,732

6. ACCOUNTS RECEIVABLE

The Company's accounts receivable are comprised of Harmonized Sales Tax ("HST") due from Canadian government taxation authorities.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATON ASSETS

The following exploration and evaluation assets expenditures were incurred on the Company's mineral properties.

For the nine month period ended May 31, 2012	Medel Permit	Afgan-Kobeh Property	Roberts Gold Property	Total
Acquisition costs				
Balance, September 1, 2011	$ -	$ 415,234	$ 97,424	$ 512,658
Additions	80,188	-	20,322	100,510
Total acquisition cost, May 31, 2012	80,188	415,234	117,746	613,168
Exploration costs				
Balance, September 1, 2011	-	670,529	80,458	750,987
Additions:				
Assays	31,422	36,190	-	67,612
Drilling and related	5,327	-	-	5,327
Geological consulting	148,777	9,124	-	157,901
Land management	767	-	-	767
Maps and data	96,516	-	-	96,516
Materials and supplies	467	-	-	467
Meals and lodging	11,143	335	-	11,478
Sample storage	-	81	-	81
Site access	29,559	-	-	29,559
Travel and transport	1,774	4,273	-	6,047
	325,752	50,003	-	375,755
Recovery of costs	-	(9,369)	(8,939)	(18,308)
Total exploration costs, May 31, 2012	325,752	711,163	71,519	1,108,434
Total exploration and evaluation assets, May 31, 2012	$ 405,940	$ 1,126,397	$ 189,265	$ 1,721,602

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATON ASSETS (cont'd…)

For the year ended August 31, 2011	Shamrock Property	Afgan-Kobeh Property	Roberts Gold Property	Total
Acquisition costs				
Balance, September 1, 2010	$ 31,182	$ 316,314	$ -	$ 347,496
Additions	29,676	98,920	97,424	226,020
Total acquisition cost, August 31, 2011	60,858	415,234	97,424	573,516
Exploration costs				
Balance, September 1, 2010	41,944	67,398	24,981	134,323
Additions:				
Assays	-	62,514	616	63,130
Claim filing and registration	11,053	26,615	25,009	62,677
Drilling	-	335,070	7,555	342,625
Geological consulting	78,746	118,968	15,283	212,997
Land management	2,473	2,653	2,777	7,903
Materials and supplies	1,846	8,151	20	10,017
Meals and lodging	-	4,293	1,657	5,950
Reproduction, copying and mapping	359	202	-	561
Road and site development	-	10,654	-	10,654
Travel and transport	4,003	34,011	2,560	40,574
	98,480	603,131	55,477	757,088
Total exploration costs, August 31, 2011	140,424	670,529	80,458	891,411
Write-off of acquisition and exploration costs	(201,282)	-	-	(201,282)
Total exploration and evaluation assets, August 31, 2011	$ -	$ 1,085,763	$ 177,882	$ 1,263,645

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

Medal Permit (Switzerland)

The Company completed a purchase and sale agreement on October 21, 2011, originally dated August 31, 2011, for the Medel Exploration Permit ("Medel Permit") located within the community of Medel/Lucmagn, in the Canton of Graubunden, Switzerland. The vendor has a 100% interest in and to an exploration permit for gold, precious metals and other ores (the "Permit"), subject to 1% net smelter returns royalty. The vendor transferred the Permit to the Company's wholly owned Swiss subsidiary, SwissGold. As consideration, the Company issued to the vendor 250,000 shares (valued at $62,500) and 125,000 share purchase warrants at an exercise price of $1.00 per share expiring October 21, 2014 with a fair value of $10,688 using the Black-Scholes option pricing method with a volatility of 100%, risk-free interest rate of 1.24%, an estimated useful life of 3 years and 0% annual dividend rate. The expiry of the warrants are subject to acceleration such that, should the volume weighted average price of the common shares of the Company exceed $2.00 for twenty consecutive trading days, the Company may notify the holder that the warrants will expire 30 trading days from receipt of such notice unless exercised before such date.

7. EXPLORATION AND EVALUATON ASSETS (cont'd…)

Medal Permit (Switzerland) (cont'd…)

The Company issued 265,000 common shares valued at $53,000 and paid 40,000 Swiss francs for all data related to the Medel Permit. The Company also issued 35,000 common shares valued at $7,000 as a finder's fee for the Medel Permit.

Afgan-Kobeh Property (Nevada, USA)

The Company has an agreement with Gold Standard Royalty (Nevada) Inc., ("Gold Standard") to acquire a 100% interest in the Afgan-Kobeh property located in Eureka County, Nevada. Under the terms of the agreement, the Company paid US$200,000 in cash and issued 600,000 common shares at a fair value of $150,000 and 600,000 share purchase warrants at an exercise price of $0.40 per share expiring June 14, 2012 with a fair value of $62,374 using the Black-Scholes option pricing method with a volatility of 100%, risk-free interest rate of 1.81%, an estimated useful life of 2 years and 0% annual dividend rate. The warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds $0.60 for a period of 15 consecutive days. The property is subject to a 1% NSR.

Roberts Gold Property (Nevada, USA)

The Company has a mining lease agreement for the Roberts Gold Property. The property is contiguous to and north of the Company's Afgan-Kobeh property located in Eureka County, Nevada. Pursuant to the terms of the mining lease agreement, the Company paid advance royalty payments of US$10,000 upon the lease agreement becoming effective on October 26, 1010, an is obligated to pay a further US$10,000 six months thereafter (paid March 14, 2011), US$20,000 on the first five anniversary dates of the effective date of the lease agreement thereafter (paid September 29, 2011), and US$30,000 on each such anniversary date thereafter. The Company is responsible for all property maintenance obligations and has granted the lessor a 3% NSR. The Company has the right to purchase 25% of the royalty at any time for US$1,000,000 and a further 25% for US$2,000,000 at any time. The Company issued 250,000 units valued at $57,500 to terminate certain area of interest obligations to a third party. Each unit consists of one common share and one warrant to purchase an additional common share at a price of $0.40 per share expiring October 26, 2012 with a fair value of $22,660 using the Black-Scholes option pricing method with a volatility of 100%, risk-free interest rate of 1.42%, an estimated useful life of 2 years and 0% annual dividend rate. The warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds $0.60 for a period of 15 consecutive days.

Shamrock (Cobre) Copper Property (New Mexico, USA)

During fiscal 2010, the Company entered into a ten year lease with MinQuest, Inc. of Reno, Nevada on the Shamrock (Cobre) copper project located in Grant County, New Mexico, USA pursuant to which the Company paid $60,858 (US$60,000) and incurred exploration expenditures of $140,424. During the year ended August 31, 2011, the Company determined that the project was not economically feasible and abandoned its plan to develop the project. As a result, it charged $201,282 in costs incurred on the project to operations.

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are comprised of the following:

	May 31, 2012	August 31, 2011
Accrued liabilities	$ 19,000	$ 30,000
Trade payables	738	112,135
Total	$ 19,738	$ 142,135

9. SHAREHOLDERS' EQUITY

Authorized:

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

During the nine month period ended May 31, 2012, the Company:

a) Issued 250,000 common shares to acquire the Medel Permit (Note 7)
b) Issued 35,000 common shares as a finder's fee for the Medel Permit (Note 7)
c) Issued 265,000 common shares for the acquisition of technical data on the Medel Permit (Note 7)

Shares held in escrow

As at May 31, 2012, there are 840,000 common shares held in escrow which are subject to an escrow agreement with 840,000 shares being released from escrow every six months.

During the year ended August 31, 2011, the following shares were issued:

a) *Shares issued for private placement*

On March 3, 2011, the Company completed the first tranche of a non-brokered private placement of 2,264,000 units (the "Units") at $0.30 per Unit for gross proceeds of $679,200. Each Unit was comprised of one common share and one-half of one non-transferable share purchase warrant which are exercisable at $0.40 per share until September 3, 2012. The Company paid a finder's fee of $3,000 in connection with certain subscriptions under the private placement. The second tranche was completed on May 9, 2011 for 3,333,334 Units for gross proceeds of $1,000,000. Each Unit was comprised of one common share and one-half of one non-transferable share purchase warrant exercisable at $0.40 per share until November 9, 2012.

b) *Shares issued on exercise of warrants and agent's warrants*

The Company issued 270,000 common shares pursuant to the exercise of warrants for gross proceeds of $108,000 and 70,300 common shares pursuant to the exercise of agent's warrants for gross proceeds of $28,120.

(Expressed in Canadian Dollars)

9. SHAREHOLDERS' EQUITY (cont'd…)

During the year ended August 31, 2011, the following shares were issued: (cont'd…)

c) *Shares issued for mineral property*

Pursuant to the mineral property option agreement for the Roberts Gold Property, the Company issued 250,000 common shares valued at $57,500 and 250,000 warrants allowing the holder to purchase an additional common share at a price of $0.40 per share expiring October 26, 2012 with a fair value of $22,660 using the Black-Scholes option pricing method with a volatility of 100%, risk-free interest rate of 1.42%, an estimated useful life of 2 years and 0% annual dividend rate.

Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire common shares of the Company. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares. The options can be granted for a maximum of 5 years and vest as determined by the board of directors. The exercise price of each option may not be less than the fair market value of the common shares.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding, September 1, 2010	1,265,000	$	0.24
Granted	100,000		0.35
Expired/cancelled	(50,000)		0.25
Outstanding, August 31, 2011	1,315,000		0.25
Granted	775,000		0.40
Outstanding, May 31, 2012	2,090,000	$	0.31
Exercisable, May 31, 2012	2,065,000	$	0.30

Stock options outstanding at May 31, 2012 are as follows:

Number Of Options		Exercise Price	Expiry Date
240,000	$	0.20	April 14, 2014
975,000		0.25	November 23, 2014
100,000		0.35	March 1, 2016
775,000		0.40	October 27, 2016

(Expressed in Canadian Dollars)

9. SHAREHOLDERS' EQUITY (cont'd…)

Warrants

Warrants transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, September 1, 2010	3,146,750	$ 0.40
Exercised	(270,000)	0.40
Granted	3,048,667	0.40
Expired/cancelled	(2,276,750)	0.40
Outstanding, August 31, 2011	3,648,667	0.40
Granted	125,000	1.00
Expired/cancelled	(600,000)	0.40
Outstanding, May 31, 2012	3,173,667	$ 0.42
Exercisable, May 31, 2012	3,173,667	$ 0.42

Warrants outstanding at May 31, 2012 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,132,000	$ 0.40	September 3, 2012
250,000 [A]	0.40	October 26, 2012
1,666,667	0.40	November 9, 2012
125,000	1.00	October 21, 2014

(A) The warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds $0.60 for a period of 15 consecutive days.

(Expressed in Canadian Dollars)

9. SHAREHOLDERS' EQUITY (cont'd…)

Agent's warrants

Agent's warrant transactions and the number of agent's warrants outstanding are summarized as follows:

	Number of Agent's Warrants	Weighted Average Exercise Price
Outstanding, September 1, 2010	260,000	$ 0.40
Exercised	(70,300)	0.40
Expired/cancelled	(189,700)	0.40
Outstanding, August 31, 2011 and May 31, 2012	-	$ -

Share-based compensation

During the nine month period ended May 31, 2012, the Company recognized $136,573 (2011 - $13,598) in share-based compensation on the condensed consolidated interim statements of comprehensive loss. The Company granted 775,000 (2011 – 100,000) stock options valued at $132,350 (2011 - $13,598). The Company has an unamortized share-based compensation balance of $1,313 (2011 - $12,765) to be recognized. The fair value of share-based compensation was calculated using the Black-Scholes option-pricing model.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	May 31, 2012	May 31, 2011
Risk-free interest rate	1.70%	-
Expected life of options	5 years	-
Annualized volatility	100%	-
Dividend rate	0.00%	-

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the nine month period ended May 31, 2012:

i) Paid or accrued $63,483 (2011 - $64,044) in consulting fees and $7,656 (2011 - $7,686) in office and general costs to a director of the Company.

ii) Paid or accrued $9,000 (2011 - $13,500) in consulting fees to a company controlled by a former director of the Company.

iii) Paid or accrued $27,990 (2011 - $26,245) in professional fees to a company controlled by an officer of the Company.

iv) Paid or accrued $51,421 (2011 - $12,209) in geological consulting fees to a company controlled by a director of the Company.

v) Issued 200,000 common shares (2011 - Nil) valued at $50,000 (2011 - $Nil) and 100,000 share purchase warrants (2011 – Nil) valued at $8,551 (2011 - $Nil) to a director of the Company in relation to the acquisition of the Medel Permit (Note 7).

Included in accounts payable and accrued liabilities as of May 31, 2012 is $19,000 (August 31, 2011 - $6,999) due to a director and a company controlled by an officer.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the nine month period ended May 31, 2012, 650,000 (2011 - Nil) of the 775,000 total stock options (Note 9) were granted to directors and officers. The fair value of $111,020 (2011 - $Nil) was recorded as share-based compensation.

Other than disclosed above, there was no other compensation paid to key management during the nine month period ended May 31, 2012 and May 31, 2011.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Fair value (cont'd…)

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

As at May 31, 2012, the Company's financial instruments are comprised of cash, accounts receivable and accounts payable and accrued liabilities and reclamation bonds. The carrying value of accounts receivable, reclamation bonds and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial instruments measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 165,135	$ -	$ -	$ 165,135

Financial risk factors

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. The Company's receivables consist of HST recoverable from the Canadian Government.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at May 31, 2012, the Company had a cash balance of $165,135 to settle current liabilities of $19,738. All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors (cont'd…)

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

(b) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Foreign currency risk

The Company has two foreign subsidiaries whose operations are in the United States and Switzerland respectively, which exposes the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian dollar, United States dollar and the Swiss Franc. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

12. CAPITAL MANAGEMENT

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

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the nine month period ended May 31, 2012 included:

a) the issuance of 250,000 common shares valued at $62,500 and 250,000 warrants valued at $10,688 for the acquisition of a mineral property.

b) the issuance of 35,000 common shares valued at $7,000 as a finder's fee for the Medel Permit.

c) the issuance of 265,000 common shares valued at $53,000 for the acquisition of technical data for the Medel Permit.

Significant non-cash transactions during the nine month period ended May 31, 2011 included:

d) Exploration and evaluation assets of $18,815 are accrued in accounts payable and accrued liabilities;

e) the issuance of 250,000 common shares valued at $57,500 and 250,000 warrants valued at $22,660 for the acquisition of a mineral property.

14. SEGMENTED INFORMATION

The Company has one reportable operating segments, being the acquisition and exploration of mineral properties. The Company has mineral properties located geographically as follows:

Exploration and evaluation assets	May 31, 2012	August 31, 2011
United States of America	$ 1,315,662	$ 1,263,645
Switzerland	405,940	-
Total	$ 1,721,602	$ 1,263,645

15. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There are no events to report.

16. FIRST TIME ADOPTION OF IFRS (IFRS 1)

The Company's financial statements for the year ending August 31, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was September 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be August 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian GAAP.

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

OPTIONAL EXEMPTIONS

Share-based payment transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provision of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS. The Company did not have any unvested outstanding equity instruments as of the Transition Date.

Currency translation differences

Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at transition date. The Company elected to reset all cumulative translation gains and losses to zero in opening deficit at its transition date.

MANDATORY EXEMPTIONS

Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

Terminology

In accordance with IFRS 1, **mineral properties and deferred exploration costs** were renamed **exploration and evaluation assets.**

In accordance with IFRS 1, **contributed surplus** was renamed **share-based payments reserve.**

(Expressed in Canadian Dollars)

16. FIRST TIME ADOPTION OF IFRS (IFRS 1) (cont'd…)

The reconciliation between the Canadian GAAP and IFRS statement of financial position as at September 1, 2010 (date of transition to IFRS) is provided below:

	Note	September 1, 2010 GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		$ 655,573	$ -	$ 655,573
Accounts receivables		3,507	-	3,507
Prepaid expenses		2,389	-	2,389
		661,469	-	661,469
Reclamation bonds		23,490	-	23,490
Exploration and evaluation assets		481,819	-	481,819
Total assets		$ 1,166,778	$ -	$ 1,166,778
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 57,921	$ -	$ 57,921
Shareholders' equity				
Share capital		1,868,229	-	1,868,229
Share-based payments reserve		276,998	-	276,998
Other comprehensive loss	(b)	(190)	190	-
Deficit		(1,036,180)	(190)	(1,036,370)
		1,108,857	-	1,108,857
Total liabilities and shareholders' equity		$ 1,166,778	$ -	$ 1,166,778

(Expressed in Canadian Dollars)

16. FIRST TIME ADOPTION OF IFRS (IFRS 1) (cont'd…)

The reconciliation between the Canadian GAAP and IFRS statement of financial position as at May 31, 2011 is provided below:

	Note	May 31, 2011 GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		$ 1,489,686	$ -	$ 1,489,686
Accounts receivables		25,340	-	25,340
Prepaid expenses		823	-	823
Exploration advance		51,871	-	51,871
		1,567,720	-	1,567,720
Reclamation bonds		23,490	-	23,490
Exploration and evaluation assets		1,039,697	-	1,039,697
Total assets		$ 2,630,907	$ -	$ 2,630,907
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 49,122	$ -	$ 49,122
Shareholders' equity				
Share capital		3,723,754	-	3,723,754
Share-based payments reserve		300,193	-	300,193
Other comprehensive loss	(b)	(190)	190	-
Deficit		(1,441,972)	(190)	(1,442,162)
		2,581,785	-	2,581,785
Total liabilities and shareholders' equity		$ 2,630,907	$ -	$ 2,630,907

(Expressed in Canadian Dollars)

16. FIRST TIME ADOPTION OF IFRS (IFRS 1) (cont'd…)

The reconciliation between the Canadian GAAP and IFRS statement of financial position as at August 31, 2011 is provided below:

		August 31, 2011		
	Note	GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		$ 939,896	$ -	$ 939,896
Accounts receivables		20,883	-	20,883
Prepaid expenses		8,225	-	8,225
		969,004	-	969,004
Reclamation bonds		49,732	-	49,732
Exploration and evaluation assets		1,263,645	-	1,263,645
Total assets		$ 2,282,381	$ -	$ 2,282,381
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 142,135	$ -	$ 142,135
Shareholders' equity				
Share capital		3,716,659	-	3,716,659
Share-based payments reserve		314,517	-	314,517
Other comprehensive loss	(b)	(190)	190	-
Deficit		(1,890,740)	(190)	(1,890,930)
		2,140,246	(21,330)	2,140,246
Total liabilities and shareholders' equity		$ 2,282,381	$ -	$ 2,282,381

16. FIRST TIME ADOPTION OF IFRS (IFRS 1) (cont'd…)

There are no significant differences between IFRS and Canadian GAAP in connection with the Company's statements of comprehensive loss and cash flows for the three and nine month periods ended May 31, 2011 or for the year ended August 31, 2011.

a) Share-based payments

Under Canadian GAAP, the Company measured share-based compensation related to share purchase options at fair value of the share purchase options granted using the Black-Scholes option pricing formula and recognized this expense over the vesting period of the options. Forfeitures are recognized as they occur.

IFRS 2, similar to Canadian GAAP, requires the Company to measure share-based compensation related to share purchase options granted to employees at the fair value of the share purchase options on the date of grant and to recognize such expense over the vesting period of the options. However, for share purchase options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured.

Under IFRS 2, each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches.

Prior to 2010, the Company used the straight-line method of calculating vested options. The fair value of stock-based awards with a graded vesting feature was calculated as one grant and the resulting fair value was recognized on a straight-line basis over the vesting period. In 2010, the Company changed from the straight-line method to the graded vesting method.

The adjustments were calculated only for unvested share purchase options issued and outstanding as of and after the Transition Date. As a result, no difference is recognized under IFRS as all options outstanding as of the Transition Date were vested.

b) Accumulated other comprehensive income

The Company has $190 in accumulated other comprehensive income which was carried from the period ended August 31, 2009, due to the translation of the subsidiary from the United States dollars to Canadian dollars. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. The Company elected to reset all cumulative translation gains and losses to zero in opening deficit at its transition date.