

Champion Minerals Inc.

Consolidated Financial Statements

September 30, 2011

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Consolidated Financial Statements

These unaudited consolidated financial statements of Champion Minerals Inc. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited consolidated financial statements have not been reviewed by the Company's external auditors.

Champion Minerals Inc.

Consolidated Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	As at September 30, 2011 \$	As at March 31, 2011 \$ (note 12)
Assets		
Current		
Cash and cash equivalents	24,191,424	27,747,442
Short-term investments	-	14,029,734
Receivables	4,183,671	737,114
Due from Northfield Metals Inc. (note 3)	23,540	7,500
Prepaid expenses and deposits	1,046,603	380,888
	<u>29,445,237</u>	<u>42,902,678</u>
Exploration and evaluation (note 4)	50,430,967	28,465,034
	<u>79,876,204</u>	<u>71,367,712</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	4,213,967	3,168,499
Note payable (note 5)	500,000	1,000,000
	<u>4,713,967</u>	<u>4,168,499</u>
Shareholders' equity		
Capital stock (note 6)	75,080,593	69,130,196
Warrants (note 6)	4,836,638	6,234,889
Contributed surplus	7,834,491	5,152,528
Deficit	(19,423,701)	(15,155,271)
	<u>68,328,022</u>	<u>65,362,343</u>
Non-controlling interest (notes 4 and 6)	6,834,215	1,836,871
	<u>75,162,237</u>	<u>67,199,214</u>
	<u>79,876,204</u>	<u>71,367,713</u>

Commitments (notes 4 and 10)

On behalf of the Board:

Thomas Larsen
Director

Paul Ankcorn
Director

Champion Minerals Inc.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

	3 months ended September 30,		6 months ended September 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
		(note11)		(note11)
Expenses				
Professional fees	75,000	36,023	148,273	106,101
Consulting fees	197,225	185,500	366,681	273,000
Stock-based compensation (note 6)	2,634,000	1,745,000	2,859,000	1,745,000
General and administrative	199,974	128,613	354,039	204,607
Investor relations	231,706	323,352	504,840	516,129
Travel	151,667	69,085	234,045	172,567
	<u>3,489,572</u>	<u>2,487,572</u>	<u>4,466,879</u>	<u>3,017,403</u>
Loss before the following items	(3,489,572)	(2,487,572)	(4,466,879)	(3,017,403)
Interest	64,339	-	175,024	5,849
Other income	-	-	23,425	-
Loss and comprehensive loss	<u>(3,425,233)</u>	<u>(2,487,572)</u>	<u>(4,268,430)</u>	<u>(3,011,554)</u>
Loss per share-basic and diluted	<u>(0.04)</u>	<u>(0.04)</u>	<u>(0.05)</u>	<u>(0.05)</u>
Weighted average number of shares outstanding - basic and diluted	<u>87,319,105</u>	<u>59,833,176</u>	<u>85,477,322</u>	<u>54,804,217</u>

Champion Minerals Inc.

Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Capital stock \$	Warrants \$	Contributed surplus \$	Deficit \$	Non- controlling interest \$	Total \$
Balance, March 31, 2011	69,130,196	6,234,889	5,152,526	(15,155,271)	1,836,871	67,199,211
Issued for exploration and evaluation	197,000	-	-	-	-	197,000
Exercise of stock options	266,500	-	-	-	-	266,500
Fair value of stock options exercised	177,035	-	(177,035)	-	-	-
Fair value of warrants issued	(12,840)	12,840	-	-	-	-
Exercise of warrants	3,911,615	-	-	-	-	3,911,615
Fair value of warrants exercised	1,410,398	(1,410,398)	-	-	-	-
Stock-based compensation	-	-	2,859,000	-	-	2,859,000
Contribution by joint venture partner	-	-	-	-	4,997,344	4,997,344
Loss	-	-	-	(4,268,430)	-	(4,268,430)
Balance, September 30, 2011	75,079,904	4,837,326	7,834,491	(19,423,701)	6,834,215	75,162,242
Balance, March 31, 2010	15,584,671	2,035,794	1,093,238	(6,683,461)	-	12,030,242
Issued for mineral resource properties	5,275,500	-	-	-	-	5,275,500
Private placement of units	12,190,000	-	-	-	-	12,190,000
Fair value of warrants issued	(3,388,114)	3,831,115	-	-	-	443,001
Exercise of stock options	60,750	-	-	-	-	60,750
Fair value of stock options granted	-	-	1,745,000	-	-	1,745,000
Fair value of stock options exercised	45,808	-	(45,808)	-	-	-
Exercise of warrants	1,424,907	-	-	-	-	1,424,907
Fair value of warrants exercised	408,490	(408,490)	-	-	-	-
Share issue costs, net of tax	(1,175,217)	-	-	-	-	(1,175,217)
Contribution by joint venture partner	-	-	-	-	-	-
Loss	-	-	-	(3,011,554)	-	(3,011,554)
Balance, September 30, 2010	30,426,795	5,458,419	2,792,430	(9,695,015)	-	28,982,629

Champion Minerals Inc.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	6 months ended September 30,	
	2011	2010
	\$	\$
		(note 11)
Cash provided by (used in)		
Operating activities		
Loss for the period	(4,268,430)	(3,011,554)
Item not affecting cash		
Stock-based compensation	2,859,000	1,745,000
Changes in non-cash operating working capital		
Receivables	(3,446,557)	(342,470)
Prepaid expenses and deposit	(665,714)	(426,765)
Accounts payable and accrued liabilities	2,967,279	(2,070,061)
	<u>(2,554,422)</u>	<u>(4,105,850)</u>
Financing activities		
Issue of common shares	-	12,190,000
Exercise of stock options	266,500	60,750
Exercise of warrants	3,911,615	1,424,907
Repayment of note payable	(500,000)	-
Share issue costs	-	(964,217)
	<u>3,678,115</u>	<u>12,711,440</u>
Investing activities		
Due from Northfield Metals Inc.	(16,040)	(7,500)
Short-term investments	14,029,734	-
Exploration and evaluation	(18,693,404)	(5,232,796)
	<u>(4,679,710)</u>	<u>(5,240,296)</u>
Net increase in cash and cash equivalents	(3,556,017)	3,365,294
Cash and cash equivalents, beginning of period	27,747,442	6,225,219
Cash and cash equivalents, end of period	<u>24,191,425</u>	<u>9,590,513</u>
Non-cash transactions		
Issued for mineral resource properties		
Common shares	197,000	5,275,500
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

Champion Minerals Inc.

Notes to Consolidated Financial Statements

September 30, 2011

(unaudited)

1. Nature of operations

Champion Minerals Inc. (the "Company") is engaged in the exploration and development of iron ore properties in Quebec and Newfoundland.

The Company was incorporated under the Business Corporations Act of Ontario on April 11, 1985 and its registered office is located at 20 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 2T6.

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

Statement of compliance

These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*, using accounting policies consistent with IFRS.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of November 14, 2011, the date on which the Board of Directors approved these interim financial statements. Any subsequent changes to IFRS that are reflected in the annual financial statements for the year ending March 31, 2012 could result in the restatement of these interim financial statements, including the transition adjustments recognized on the changeover to IFRS.

These interim financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2011 that were prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP").

New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for periods beginning on or after January 1, 2013. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments - Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 10, Consolidation ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11, Joint Arrangements ("IFRS 11")

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, Fair Value Measurement ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement.

Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10-13.

3. Due from Northfield Metals Inc.

The amount of \$23,540 due from Northfield Metals Inc. ("Northfield") is unsecured, non-interest bearing and is due on demand. Two directors of the Company are directors of Northfield.

4. Exploration and evaluation

	March 31, 2011	Acquisition costs	Exploration	September 30, 2011
	\$	\$	\$	\$
Fermont	11,666,428	73,500	4,141,485	15,881,413
Bellechase	147,404	—	372,723	520,127
Fire Lake North	7,637,938	—	11,267,115	18,903,053
Harvey-Tuttle	5,964,143	—	276,640	6,240,783
Moire Lake	712,900	—	2,497,511	3,210,411
O'Keefe Purdy Audrea Lakes	—	—	2,386,519	2,386,519
Penguin Lake	15,475	—	—	15,475
Powderhorn	1,396,263	—	124,125	1,520,388
Attikamagen	439,398	—	—	439,398
Gullbridge	421,285	136,000	690,314	1,247,599
Pterodactyl	63,800	—	—	63,800
	28,465,034	209,500	21,756,432	50,430,966

Fermont Property

The Company owns an 82.5% joint venture interest in the Fermont Property covering an area of 647 square kilometres situated in northeastern Quebec.

The Company has the option to earn an additional 2.5% interest in any Claim Block by issuing 250,000 common shares on a one-time basis and incurring all necessary expenditures to completion of a positive bankable feasibility study for the respective Claim Block.

The Claims are subject to a 3% net smelter return royalty (“NSR”), of which, the Company has the option to purchase one-third for \$3,000,000. The Company has a right of first refusal on the NSR and the other joint venturer’s interest in the Claims.

If the other joint venturer does not choose to fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to the NSR. In the event that the Company or the other joint venturer proposes to acquire any property within 10 kilometres of the Fermont Property, the purchaser must offer the property proposed to be acquired to the other party for inclusion in the joint venture at cost.

On May 16, 2011, the Company acquired a 100% interest in claim blocks covering 4.16 square kilometres. In order to acquire its interest, the Company paid \$2,500 and issued 25,000 common shares with a fair value of \$71,000. The claims are subject to a 2% net smelter return royalty (“NSR”), of which, the Company has the option to purchase one-half for \$1,000,000. The Company has a right of first refusal on the NSR.

Powderhorn

The Company owns a 70% interest in the Powderhorn Lake Project (“Powderhorn”), which consists of 115 claims covering an area of 29 square kilometres situated in the Buchans-Robert’s Arm Belt in Central Newfoundland. Powderhorn is subject to a 2.85% net smelter royalty (“NSR”), of which, 1.85% can be purchased by the joint venture participants for \$2,300,000 to reduce the NSR to 1.0%. The Company’s 70% interest is subject to a joint venture agreement with the vendor, who holds the remaining 30% interest.

Attikamagen

The Company owns a 100% interest in 938 claims covering 310.7 square kilometres in Labrador and Quebec. Attikamagen is subject to an aggregate royalty of \$1.50 per tonne of iron content in any and all iron ore, pellets or other products produced, which the Company has an option to purchase for \$2,500,000.

Attikamagen option and joint venture agreement

On May 12, 2008, the Company granted an option to earn up to a 60% interest in its Attikamagen Property. In order to earn its interest, the optionee must incur exploration expenditures as follows:

	Exploration expenditures \$
To earn 51% interest	
March 26, 2009 (incurred)	2,500,000
March 26, 2011 (incurred)	2,500,000
March 26, 2012	2,500,000
	<hr/> 7,500,000
To increase to 56% interest	
March 26, 2013	2,500,000
To increase to 60% interest	
March 26, 2014	3,000,000
	<hr/> 13,000,000

Up to November 14, 2011, the optionee has advanced \$11,100,000 for exploration expenditures. The Company is in the process of verifying the exploration expenditures to confirm that the optionee has earned a 51% interest, or possibly a 56% interest, in Attikamagen.

Option for the Gullbridge Property

The Company has an option to earn an 85% interest in the Gullbridge Property in the Buchans Mining Camp, Newfoundland. In order to earn its interest, the Company must make the option payments, issue common shares and incur exploration expenditures as follows:

	Option payments \$	Common shares Number	\$	Exploration expenditures \$
To earn 51% interest				
On closing (paid and issued)	10,000	50,000	28,500	-
May 5, 2009 (paid, issued and incurred)	10,000	100,000	33,000	200,000
March 23, 2010 (issued)	-	75,000	76,500	-
May 5, 2011 (paid, issued and incurred)	10,000	75,000	126,000	200,000
May 5, 2012	-	-	-	400,000
	30,000	300,000	264,000	800,000
To increase to 75% interest				
2 years after earning 51% interest	-	150,000	-	700,000
To increase to 85% interest				
	-	-	-	All necessary expenditures up to the completion of a positive bankable feasibility study

5. Note payable

The note payable of \$500,000 is unsecured, non-interest bearing payable on January 12, 2012.

6. Capital stock

Authorized

An unlimited number of common shares.

Issued

	Number of shares	\$
Balance, March 31, 2011	82,987,503	69,130,196
Issued for exploration and evaluation	100,000	197,000
Exercise of stock options	305,000	266,500
Fair value of stock options exercised	-	177,035
Fair value of warrants issued	-	(12,840)
Exercise of warrants	4,634,098	3,911,615
Fair value of warrants exercised	-	1,410,398
Fair value of warrants expired	-	689
	88,026,600	75,080,593

Warrants

A summary of the Company's warrants is presented below:

	Common share purchase warrants			Unit warrants			Total \$
	Number of warrants	Weighted- average exercise price \$	\$	Number of warrants	Weighted- average exercise price \$	\$	
Balance, March 31, 2010	7,590,907	0.76	1,939,486	333,360	0.54	96,308	2,035,794
Issued	10,175,238	1.51	6,822,036	-	-	-	6,822,036
Exercised	(6,347,278)	1.04	(2,550,748)	(227,810)	0.56	(67,897)	(2,618,644)
Expired	(25,000)	0.70	(4,297)	-	-	-	(4,297)
Balance, March 31, 2011	11,393,867	1.28	6,206,473	105,500	0.52	28,411	6,234,889
Issued	52,775	0.79	12,840	-	-	-	12,840
Exercised	(4,528,549)	0.86	(1,410,398)	105,050	0.52	(25,343)	(1,410,398)
Expired	(6,668)	0.79	(689)	-	-	-	(689)
Balance, September 30, 2011	6,911,425	1.55	7,834,491	-	-	-	4,836,637

A summary of the Company's warrants outstanding at September 30, 2011 is presented below:

Common share warrant exercise price	Expiry date	Warrants outstanding
\$1.50	April 30, 2012	2,732,147
\$1.15	April 30, 2012	453,945
\$1.20 until October 7, 2012, and thereafter, \$1.50	October 7, 2013	2,933,333
\$2.84	February 3, 2013	792,000
		6,911,425

Stock options

The Company has established a stock option plan, under which, the Company may grant up to 15,000,000 stock options (March 31, 2011 – 12,000,000) to directors, officers, employees and consultants. As at September 30, 2011, there were 1,442,500 stock options available to be granted. Stock options may be granted for a term not exceeding 5 years and vest on the date of grant.

	Number of options	Weighted- average exercise price
Balance, March 31, 2011	8,507,500	0.83
Granted	2,850,000	1.50
Exercised	(305,000)	0.87
Balance, September 30, 2011	11,052,500	1.00

A summary of the Company's outstanding stock options at September 30, 2011 is presented below:

Exercise price	Expiry date	Options outstanding and exercisable
\$0.45	January 10, 2013	775,000
\$0.70	May 16, 2013	310,000
\$0.30	September 16, 2014	1,195,000
\$0.33	September 24, 2014	152,500
\$0.405	November 9, 2014	50,000
\$0.80	January 14, 2015	1,450,000
\$0.85	February 2, 2015	300,000
\$1.00	March 2, 2015	350,000
\$1.15	October 1, 2013	70,000
\$1.00	October 3, 2015	2,250,000
\$1.00	October 4, 2015	500,000
\$1.50	October 4, 2015	500,000
\$1.00	October 24, 2015	100,000
\$1.10	November 5, 2015	50,000
\$2.17	January 10, 2016	150,000
\$1.50	June 24, 2016	200,000
\$1.50	September 9, 2016	2,650,000
		11,052,500

A summary of the stock options granted during the 6 months ended September 30, 2011 and the assumptions for the calculation of the fair value of those stock options using the Black-Scholes option pricing model is presented below:

Date of grant	June 24, 2011	September 9, 2011
Options granted	200,000	2,650,000
Exercise price	\$1.50	\$1.50
Expiry date	June 24, 2016	September 9, 2016
Fair value	\$225,000	\$2,634,000
Risk-free interest rate	2.04%	1.29%
Expected volatility	100%	107%
Expected life of options	5 years	5 years
Expected dividend yield	0%	0%

The stock options vested on the date of grant and the fair value of the stock options was recorded as stock-based compensation.

Non-controlling interest

The non-controlling interest represents a 17.5% interest in the joint venture controlled by the Company.

7. Capital disclosures

Capital of the Company consists of the equity attributable to the common shareholders, comprised of share capital, warrants, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to explore and develop its mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. 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 the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company, it has no revenues and its principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company will spend its existing working capital and raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

8. Financial instruments and risk management

Fair value

Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

The carrying value of cash and cash equivalents, short-term investments, accounts payable and accrued liabilities and notes payable approximates fair value due to the short-term nature of these financial instruments.

Risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

As the majority of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure as outlined in note 7. Accounts payable are all due within 30 days and notes payable of \$500,000 are due on January 12, 2012.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

9. Related party transactions

	6 months ended		Outstanding as at	
	September 30,		September 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Exploration and evaluation				
Paid or payable to a company controlled by a director (2010 - 2 companies)	60,000	54,605	—	—
Paid or payable to 2 companies controlled by officers	3,427,893	1,321,751	581,486	172,429
Common shares				
Share issue costs for legal fees paid or payable to a company controlled by a director	—	105,065	—	—
Professional fees				
Paid or payable for legal fees to a company controlled by a director	104,831	98,078	11,377	—
Consulting fees				
Consulting fees paid or payable to 2 companies controlled by directors (2010 - 1 company)	138,000	64,000	—	—
Consulting fees paid or payable to two companies controlled by officers	144,000	78,000	—	—

10. Commitments

Commitments for annual basic premises rent are as follows:

Year	\$
2012	61,465
2013	84,461
2014	82,384
Thereafter	124,491
	352,801

11. First-time adoption of IFRS

These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*, using accounting policies consistent with IFRS. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows for the comparative 6 months ended September 30, 2010 is set out in the following tables.

Reconciliation of equity at the date of comparative financial statements – September 30, 2010

	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
Assets			
Current			
Cash and cash equivalents	9,590,513	–	9,590,513
Receivables	744,236	–	744,236
Due from Northfield Metals Inc.	7,500	–	7,500
Prepaid expenses and deposits	605,537	–	605,537
	10,947,785	–	10,947,785
Exploration and evaluation	20,007,524	–	20,007,524
	30,955,309	–	30,955,309
Liabilities			
Current			
Accounts payable and accrued liabilities	878,685	–	878,685
Current portion of notes payable	500,000	–	500,000
	1,378,685	–	1,378,685
Notes payable	500,000	–	500,000
Future income taxes	94,000	–	94,000
	1,972,685	–	1,972,685
Shareholders' equity			
Capital stock	30,426,794	55,000	30,481,794
Warrants	5,458,415	–	5,458,415
Contributed surplus	2,792,429	–	2,792,429
Deficit	(9,695,015)	(55,000)	(9,750,015)
	28,982,624	–	28,982,624
	30,955,309	–	30,955,309

Reconciliation of comprehensive loss for the period covered by comparative financial statements – 6 months ended September 30, 2010

The adoption of IFRS resulted in no changes to the amounts reported in the statement of loss and comprehensive loss for the 3 months and 6 months ended September 30, 2010 compared to financial statements prepared under Canadian GAAP.

Reconciliation note

Under IFRS, the issue of flow-through shares are treated as an issue of shares and the sale of tax deductions. The Company uses the residual method to measure the sale of tax deductions. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as other liabilities on the statement of financial position. When the Company fulfills its obligation to pass on the tax deduction to the investors, the sale of tax deductions is recognized as a reduction of deferred tax expense in the statement of loss and comprehensive loss and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

The following table summarizes the adjustments resulting from the change in accounting for flow-through shares:

	September 30, 2011
	\$
Consolidated statements of financial position	
Capital stock	55,000
Deficit	(55,000)
