

TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Statement of Financial Position

March 31, 2011

	(Unaudited) March 31 2011	December 31 2010	May 31 2010
ASSETS			
CURRENT			
Cash	\$ 90,337	204,604	1
Term deposits	1,230,855	-	-
Cash in trust	9,139	637,446	-
Sales tax receivable	16,429	7,429	-
Prepaid expense	1,097	-	-
	1,347,857	849,479	1
RESOURCE PROPERTY (Note 5)	32,223	32,223	-
	\$ 1,380,080	881,702	1
LIABILITIES			
CURRENT			
Accounts payable	\$ 53,171	22,419	-
Prepaid share subscriptions	-	98,466	-
	53,171	120,885	-
SHAREHOLDERS' DEFICIENCY			
Share capital (Note 6a)	1,476,500	813,000	1
Contributed surplus (Note 6d)	16,000	16,000	-
Retained earnings (deficit)	(165,591)	(68,183)	-
	1,326,909	760,817	1
	\$ 1,380,080	881,702	1

APPROVED BY THE BOARD

___ "signed" _____ *Director Stephen Coates*

___ "signed" _____ *Director Gerry Gravina*

See notes to financial statements

TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Statement of Operations
Quarter Ended March 31, 2011

	(Unaudited) <i>March</i> 2011
EXPLORATION EXPENSES	
General	\$ 18,512
ADMINISTRATIVE EXPENSES	
Audit	\$ -
Consulting	3,300
Legal	8,400
Management support and rent	33,878
Office and miscellaneous	10,500
Reporting issuer costs	3,226
Travel	13,590
	6,002
	78,896
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (97,408)
Basic and diluted loss per common share	\$ (0.004)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	27,191,000

See notes to financial statements

TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)
Statement of Changes in Equity
Quarter Ended March 31, 2011

	(Unaudited) <i>March</i> 2011
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COMMON SHARES	
Balance at beginning of quarter	\$ 813,000
Issued for cash - private placements	663,500
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Balance at end of quarter	1,476,500
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CONTRIBUTED SURPLUS	
Balance at beginning and end of quarter	16,000
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RETAINED EARNINGS (DEFICIT)	
Balance at beginning of quarter	(68,183)
Loss for the quarter	(97,408)
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Balance at end of quarter	(165,591)
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SHAREHOLDERS' EQUITY AT END OF QUARTER	\$ 1,326,909

TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Statement of Cash Flows
Quarter Ended March 31, 2011

	(Unaudited) <i>March</i> 2011
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OPERATING ACTIVITIES	
Loss for the period	\$ (97,408)
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Changes in non-cash working capital:	
Accounts payable	30,752
Prepaid expenses	(1,097)
Sales tax payable (receivable)	(9,000)
Prepaid share subscriptions	(98,466)
	<hr/>
	(77,811)
	<hr/>
Cash flow used by operating activities	(175,219)
<hr/>	
FINANCING ACTIVITY	
Issuance of common voting shares	663,500
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Cash flow from financing activity	663,500
<hr/>	
INCREASE IN CASH FLOW	488,281
Cash - beginning of period	842,050
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CASH - END OF PERIOD	\$ 1,330,331
<hr/>	
CASH FLOWS SUPPLEMENTARY INFORMATION	
Interest paid	\$ -
<hr/>	
Income taxes paid	\$ -
<hr/>	
CASH CONSISTS OF:	
Cash	\$ 90,337
Term deposits	1,230,855
Cash in trust	9,139
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	\$ 1,330,331
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See notes to financial statements

TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Notes to Financial Statements

Quarter Ended March 31, 2011

1. NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

The Company is incorporated under the Canada Business Corporations Act and is engaged in the acquisition and exploration of resource properties. The Company has yet to determine whether its resource property contains mineral reserves that are economically recoverable.

The recoverability of the amount shown for the Company's resource property is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete development of the property, and future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern. Accordingly they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

As at March 31, 2011 the Company has no source of operating cash flow and has an accumulated deficit of \$165,591. Operations for the period have been funded from the issue of share capital. Loss for the quarter was \$97,409.

The Company's ability to continue operations is dependent on its ability to obtain additional financing. Although there are no assurances that management's plan will be realized, management believes the Company will be able to secure the necessary financing to continue operations into the future.

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which is not consistent with the accounting policies and methods of application used to prepare the Company's audited financial statements for the period ended December 31, 2010. The Company's audited financial statements for the period ending December 31, 2010 were prepared in accordance with Canadian generally accepted accounting principals (Canadian GAAP).

Note 4 contains a reconciliation of financial statement amounts as of December 31, 2010 between Canadian GAAP and IFRS.

These unaudited interim financial statements do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the audited financial statements and accompanying notes for the period ended December 31, 2010.

**TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

3. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting principles and currency

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Figures are expressed in Canadian dollars, as it is the primary financial currency in which transactions are undertaken. All figures in the financial statements have been rounded to the nearest dollar. The financial statements have been prepared under the historical cost convention.

b) Accounting estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)

Notes to Financial Statements

Quarter Ended March 31, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Financial instruments

All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available for sale, held to maturity, loans and receivables, or other liabilities. Transactions to purchase or sell financial assets are recorded on the settlement date.

Financial assets and financial liabilities classified as held-for-trading are subsequently measured at fair value with gains and losses recognized in net earnings. Financial assets classified as held-to-maturity, loans and receivables, and other liabilities are subsequently measured at their amortized cost, using the effective interest method. Available-for-sale financial assets are subsequently measured at fair value with unrealized gains and losses recognized in other comprehensive income until the financial asset is derecognized. Investments in equity instruments are classified as available-for-sale if they do not have a quoted market price in an active market and are measured at cost.

Net gains and losses arising from changes in fair value of loans and receivables, held-to-maturity investments, and other liabilities are recognized in net income upon derecognition or impairment. The Company does not reclassify a financial instrument into or out of the held-for-trading category while it is held or issued, except in rare circumstances.

Derivative instruments are recorded at fair value including those derivatives that are embedded in a financial instrument or other contract but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments are recognized in net earnings, except for derivatives that are designated as cash flow hedges, in which case the fair value change for the effective portion of such hedging relationships are recognized in other comprehensive income. The Company presently does not have any derivative financial instruments.

The Company has designated its accounts payable as other liabilities, which are reflected on the statement of financial position at fair value given the short time period until payment. Cash has been designated as held-for-trading, and is reflected on the statement of financial position at fair value.

Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading. For other financial instruments, transaction costs are added to the related financial asset or liability on initial recognition and are measured at amortized cost using the effective interest method. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

The Company assesses impairment of all its financial assets, except those classified as held-for-trading. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in current earnings.

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**TELFERSCOT RESOURCES INC.
(An Exploration Stage Company)**

Notes to Financial Statements

Quarter Ended March 31, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Fair value

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no obligation to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or on a valuation technique using market based inputs.

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- 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) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobserved inputs) (Level 3).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

e) Resource properties

i) Acquisition costs relating to resource properties, including the costs of staking the properties, are capitalized. If the properties are brought into production, the costs are amortized over the estimated life of the ore body to which they relate. If the properties are abandoned or sold or management determines that a property has no economic value the costs are written off in the year the determination is made. The amount shown for the Company's resource property represents historical costs to date and does not necessarily reflect present or future values.

ii) Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the property's recoverable amount is estimated.

f) Exploration expenses

Exploration expenses - general include all exploration costs not directly related to the acquisition of resource properties and are expensed in the year incurred until a property reaches the development stage. Once a property reaches the development stage, subsequent exploration costs and the costs to develop the property are capitalized.

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TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of shares outstanding. The basic weighted average number of shares outstanding during the period was 27,191,000.

Diluted average earnings per share is calculated using the weighted average number of shares that would have been outstanding during the period had all dilutive potential common shares been issued at the beginning of the period or when the underlying options were granted if later. The diluted weighted number of shares outstanding during the period was 35,191,000. In periods when a loss is incurred the calculation of diluted average earnings per share is anti-dilutive and therefore not disclosed.

h) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

i) Share capital

Proceeds from the issue of Units comprised of common shares and warrants are allocated between the common shares and warrants on a pro-rata basis based upon relative fair values. The fair value of common shares is based on the issue price and the fair value of warrants is determined using the Black-Scholes option pricing model.

TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

4. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company's date of transition to IFRS was May 31, 2010 (which is the date that the Company was incorporated).

Reconciliation of Assets, Liabilities and Equity (for the most recent period end financial statements)

	December 31, 2010 GAAP as previously reported	Effect of transition to IFRS	December 31, 2010 IFRS
ASSETS			
CURRENT			
Cash and short term deposits	\$ 204,604	\$ -	\$ 204,604
Cash in trust	637,446	-	637,446
Sales tax receivable	7,429	-	7,429
	849,479	-	849,479
RESOURCE PROPERTY	32,223	-	32,223
	\$ 881,702	\$ -	\$ 881,702
LIABILITIES			
CURRENT			
Accounts payable	\$ 22,419	\$ -	\$ 22,419
Prepaid share subscriptions	98,466	-	98,466
	120,885	-	120,885
SHAREHOLDERS' EQUITY			
Share capital	813,000	-	813,000
Contributed surplus	16,000	-	16,000
	829,000	-	829,000
	\$ 949,885	\$ -	\$ 949,885

The Company has determined that the transition to IFRS has not affected the asset, liability and equity amounts previously reported.

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TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

4. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) *(continued)*

Reconciliation of Loss and Comprehensive Loss

	Period Ended December 31, 2010 GAAP as previously reported	Effect of transition to IFRS	Period Ended December 31, 2010 IFRS
EXPLORATION EXPENSES			
General	\$ 18,273	\$ -	\$ 18,273
ADMINISTRATIVE EXPENSES			
Audit	11,950	-	11,950
Consulting	10,000	-	10,000
Legal	22,679	-	22,679
Management support and rent	3,500	-	3,500
Office and miscellaneous	1,781	-	1,781
	49,910	-	49,910
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 68,183	\$ -	\$ 68,183

The Company has determined that the transition to IFRS has not affected the loss and comprehensive loss amounts previously reported.

In addition the Company has determined that the transition to IFRS has resulted in no material adjustments to the statement of cash flows for the period ending December 31, 2010.

5. RESOURCE PROPERTY (INTANGIBLE)

	2011	2010
Stephens Lake	\$ 32,223	\$ -

The Stephens Lake property consists of an exploration license which covers approximately 13,000 hectares at and just north of Stephens Lake, near Gillam, Manitoba. The property was acquired from Exploratus Ltd. in exchange for 2,500,000 common shares valued at 1.2¢ per share (\$30,000). Professional fees incurred to transfer the license have been included in the cost of the property. The property is subject to a 0.5% net smelter returns royalty.

At the time of the acquisition, a director of Telferscot was also a director of Exploratus Ltd. In the opinion of management, the transaction occurred at fair value and it has been recorded at the

TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

4. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) *(continued)*
exchange amount.
-

TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

6. SHARE CAPITAL

a) Authorized:

Unlimited Common voting shares

	March 31 2011		December 31 2010	
	No. of shares	Amount	No. of shares	Amount
Issued and outstanding:				
Opening balance	21,890,000	\$ 813,000	-	\$ -
Issued for cash - private placements	6,635,000	663,500	19,390,000	799,000
Value allocated to warrants	-	-	-	(16,000)
Issued for other consideration	-	-	2,500,000	30,000
Ending balance	28,525,000	\$ 1,476,500	21,890,000	\$ 813,000

b) The Company issued 6,635,000 common shares at a price of \$0.10 per share in January 2011.

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TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

6. SHARE CAPITAL *(continued)*

c) Warrants

The following table summarizes activity related to warrants.

	March 31 2011		December 31 2010	
	Number of warrants	Average exercise price	Number of warrants	Average exercise price
Balance beginning of period	8,000,000	\$ 0.05	-	\$ -
Issued	-	-	8,000,000	0.05
Balance end of period	8,000,000	\$ 0.05	8,000,000	\$0.05

Each warrant entitles the holder to purchase one common share. All the warrants expire January 15, 2015.

Fair value for the warrants has been calculated as of July 19, 2010 using the Black-Scholes option-pricing model with the following assumptions.

Risk free rate	3.5%
Expected volatility	67%
Expected life	1640 days
Dividend yield	0%
Number of warrants issued	8,000,000
Fair value per warrant	\$ 0.002
Aggregate fair value of warrants	\$ 16,000

d) Contributed surplus

	March 31 2011	December 31 2010
Balance beginning of period	\$ 16,000	\$ -
Value allocated to warrants issued in private placements	-	16,000
Balance end of period	\$ 16,000	\$ 16,000

e) Stock option plan

The Company's shareholders have approved a stock option plan, the purposes of which are to encourage common share ownership in the Company for directors, officers, consultants and employees, to provide additional incentive for superior performance by such individuals and to enable the Company to attract and retain valued directors, officers and employees.

To date no stock options have been granted by the Company.

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Notes to Financial Statements

Quarter Ended March 31, 2011

6. SHARE CAPITAL *(continued)*

TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

7. INCOME TAXES

The provision for income tax reflects an effective tax rate which differs from the combined Canadian and provincial corporate tax rates for the following reasons.

	2011
Loss for the period	\$ (97,409)
Combined statutory tax rate	28.5%
Income tax expense (recovery) based upon statutory rate	\$ (27,762)
Less: decrease in recovery resulting from Canadian exploration expense incurred	5,276
Less: decrease in recovery resulting from Company being unable to carry back loss and uncertainty that it will generate taxable income in the future (valuation allowance)	22,486
Estimated income tax expense (recovery)	\$ -
Combined statutory rate	28.5%
Tax effect of increase in Canadian exploration expense	(6.5)
Tax effect of increase in valuation allowance	(22.0)
Average effective tax rate	- %

The Company has a non-capital loss carry forward of \$128,807 available to reduce future income tax payable. The Company has unused Canadian exploration expenses of \$36,785 carried forward to future years. No future income tax benefit relating to these expenses has been included in the financial statements.

8. COMMITMENT

The Company has entered into a contract for management services and office lease costs and is committed to a monthly payment of \$3,500 plus applicable taxes for a minimum of six months until May 31, 2011. The contract is with a company that has a similar management group.

9. RISK MANAGEMENT AND FAIR VALUES

Risk management

Consistent with other small entities, management's risk management policies are informal and are typically performed as a part of the overall management of the Company's operations. Management

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TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

is aware of risks related to the Company's objectives without the use of a formal process but through direct personal involvement with staff, consultants and other parties. Management's close involvement in operations identifies risks and variations from expectations leading to changes in risk management activities and requirements and actions. Management has not entered into hedging transactions to manage risk.

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TELFERSCOT RESOURCES INC.
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Notes to Financial Statements

Quarter Ended March 31, 2011

9. RISK MANAGEMENT AND FAIR VALUES *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial commitments as they become due. The Company's main source of liquidity is the issuance of capital. The Company ensures that there is sufficient working capital to meet its ongoing current obligations.

The following are the estimated maturities of the Company's financial liabilities from continuing operations:

	<u>Total</u>	<u>2011</u>
Accounts payable	<u>\$ 53,172</u>	<u>\$ 53,172</u>

Market risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk includes interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. Fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. As of period end the Company had no trade accounts receivable.

Fair values

The Company's financial instruments included in the statement of financial position consist of cash, cash held in trust and accounts payable. The fair values of these items approximate their recorded values as of period end due to their short term nature.

Fair value is an estimate of the amount at which items might be exchanged in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. The estimate of fair value at period end may not represent fair values at any other date. The determination of fair value is also affected by the use of judgment and by uncertainty.

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Notes to Financial Statements

Quarter Ended March 31, 2011

10. MANAGING CAPITAL

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern and
- to ensure that there are adequate capital resources to sustain operations and fund planned exploration.

The Company's capital of \$1,326,909 consists of share capital, contributed surplus and deficit.

The Company's ability to raise new capital for exploration is the primary controlling factor on the Company's capital and its use. Raising capital almost invariably entails the issuance of new shares, and the Company's ability to do so is, in part, a function of both prices for metals and the International and Canadian capital markets for small cap mineral exploration companies. Negative exploration results can also materially impact the Company's ability to raise new capital.

Consistent with other small businesses, the Company monitors capital from time-to-time using a variety of measures, depending on the circumstances. The monitoring procedures are informal and are typically performed as a part of the overall management of the entity's operations. Management is aware of risks related to these objectives without the use of a formal process but through direct personal involvement with consultants advising the Company and outside parties.

11. COMPARATIVE FIGURES

The Company was incorporated May 31, 2010 and commenced operations in June, 2010; accordingly no comparative figures are available for the three months ending March 31, 2010.
