Condensed Interim Financial Statements of

COPPER FOX METALS INC.

April 30, 2012

(Unaudited)

COPPER FOX METALS INC.

Statements of Financial Position
As at April 30, 2012, October 31, 2011 and November 1, 2010
(unaudited)

	30-Apr-12	31-Oct-11	01-Nov-10
Assets			
Current assets:			
Cash and cash equivalents	$ 339,801	$ 1,271,025	$ 464,572
Trade and other receivables	198,557	821,891	485,256
Prepaid expenses and deposits	1,245,593	1,194,635	826,801
Total current assets	1,783,951	3,287,551	1,776,629
Non-current assets			
Investment	759,305	759,305	-
Mineral properties (note 5)	76,279,004	71,184,436	51,734,385
Property and equipment (note 4)	1,024,232	1,068,806	1,038,688
Total non-current assets	78,062,541	73,012,547	52,773,073
Total assets	$ 79,846,492	$ 76,300,098	$ 54,549,702
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	$ 1,739,320	$ 3,698,943	$ 2,613,384
Shareholder loan	-	1,400,000	-
Total current liabilities	1,739,320	5,098,943	2,613,384
Non-current liabilities			
Asset retirement obligations (note 6)	722,013	700,544	612,272
Deferred tax liabilities	8,535,407	8,535,407	6,460,944
Total non-current liabilities	9,257,420	9,235,951	7,073,216
Shareholders' equity			
Share capital (note 7)	70,818,301	65,046,827	45,821,953
Share purchase warrants (note 7)	3,393,117	1,019,607	-
Contributed surplus	9,720,218	9,912,109	8,423,336
Equity	(15,081,884)	(14,013,339)	(9,382,187)
Total shareholders' equity	68,849,752	61,965,204	44,863,102
Total liabilities and shareholders' equity	$ 79,846,492	$ 76,300,098	$ 54,549,702
Subsequent event (note 10)			
Commitment (note 11)			

See accompanying notes to financial statements.

On behalf of the Board:

(Signed)
Elmer Stewart, Director

(Signed)
J. Michael Smith, Director

COPPER FOX METALS INC.

Statements of Comprehensive Loss
Three and six months ended April 30, 2012 and April 30, 2011
(unaudited)

	Three Months Ended		Six Months Ended	
	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011
Expenses:				
Administration	$ 514,292	$ 2,388,520	$ 1,068,545	$ 2,756,016
Net loss before income tax	514,292	2,388,520	1,068,545	2,756,016
Deferred income tax expense	-	373,125	-	732,463
Net loss and comprehensive loss	$ 514,292	$ 2,761,645	$ 1,068,545	$ 3,488,479
Loss per share	$ 0.00	$ 0.01	$ 0.00	$ 0.01
Weighted average number of shares (note 8)	387,243,477	367,998,402	382,679,100	364,958,388

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of Changes in Equity
Six months ended April 30, 2012 and April 30, 2011
(unaudited)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance as at October 31, 2011	$ 65,046,827	$ 1,019,607	$ 9,912,109	$ (14,013,339)	$ 61,965,204
Issued for cash:					
Non flow through private placement (Note 7)	7,600,000				7,600,000
Common shares issued in connection with warrants exercised	155,138	(60,013)			95,125
Common shares issued in connection with options exercised	449,859		(201,857)		248,002
Warrants issued	(2,433,523)	2,433,523			-
Stock based compensation			9,966		9,966
Net loss for the period				(1,068,545)	(1,068,545)
Balance as at April 30, 2012	$ 70,818,301	$ 3,393,117	$ 9,720,218	$ (15,081,884)	$ 68,849,752

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance as at November 1, 2010	$ 45,821,953	$ -	$ 8,423,336	$ (9,382,187)	$ 44,863,102
Issued for cash:					
Flow through private placement	6,413,000				6,413,000
Non flow through private placement	2,716,250				2,716,250
Share issue costs	(478,050)				(478,050)
Common shares issued in connection with warrants exercised	3,064,478	(777,979)			2,286,499
Common shares issued in connection with options exercised	1,299,248		(623,498)		675,750
Warrants issued	(1,004,681)	1,004,681			-
Stock based compensation			2,357,667		2,357,667
Net loss for the period				(3,488,479)	(3,488,479)
Balance as at April 30, 2011	$ 57,832,198	$ 226,702	$ 10,157,505	$ (12,870,666)	$ 55,345,739

See accompanying notes to financial statements.

COPPER FOX METALS INC.

Statements of Cash Flow
Six months ended April 30, 2012 and April 30, 2011
(unaudited)

	Six Months Ended	
	April 30, 2012	April 30, 2011
Cash provided by (used in):		
Operations:		
Net loss for the period	$ (1,068,545)	$ (3,488,478)
Depreciation, amortization and accretion	78,274	76,896
Deferred income tax	-	732,463
Share based payment transactions	9,967	1,770,742
Change in non-cash working capital	562,846	(217,516)
Net cash from operating activities	(417,458)	(1,125,893)
Financing:		
Shareholder loan	-	1,500,000
Proceeds from issue of shares and warrants	6,543,127	10,239,199
Net cash from financing activities	6,543,127	11,739,199
Investing:		
Mineral property expenditures	(5,062,568)	(4,853,726)
Mineral property acquisitions	(32,000)	(600,000)
Investment	-	(269,540)
Acquisition of property and equipment	(12,232)	(1,839)
Net change in non-cash working capital	(1,950,093)	(1,237,008)
Net cash used in investing activities	(7,056,893)	(6,962,113)
Increase in cash and cash equivalents during period	(931,224)	3,651,193
Cash and cash equivalents, beginning of period	1,271,025	464,572
Cash and cash equivalents, end of period	$ 339,801	$ 4,115,765

See accompanying notes to financial statements.

1. Nature of operations

Copper Fox Metals Inc. ("Copper Fox" or the "Company") was incorporated under the Business Corporations Act of Alberta. On July 14, 2010 the Company transferred its registration from Alberta and became incorporated under the Business Corporations Act of British Columbia. The Company is engaged in the exploration for and development of porphyry copper mineral properties in western Canada. Since inception, the efforts of the Company have been devoted to verifying the historical exploration information and completion of a feasibility study of the Schaft Creek copper-molybdenum-gold-silver porphyry deposit located in northwest British Columbia. To date, the Company has not earned any revenue from these operations and is considered to be in the exploration and development stage. The Company's mineral license is in the advanced exploration stage.

Future operations
These financial statements have been prepared by management in accordance with accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

At April 30, 2012, the Company had a working capital of $44,631 and a deficit of $15,081,884 and had incurred a net loss of $514,292 and $1,068,545 for the three months and six months ended April 30, 2012. Although during the six months ended April 30, 2012 the Company received $6,543,127 in proceeds on private placements and the exercise of warrants and options additional funds will be required to complete the current planned activities. Subsequent to April 30, 2012, a company controlled by a Director loaned the Company $2,000,000. The loan bears no interest and has no fixed terms of repayment. These transactions were recorded at the exchange amount agreed to by the related parties.

These financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its asset in the normal course of business at the values at which they are carried in these financial statements, and that the Company will be able to continue its business activities. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption be determined to be inappropriate, and these adjustments could be material.

2. Basis of preparation

(a) Statement of compliance
These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC"). The preparation of these interim financial statements is based on accounting policies and practices in accordance with IFRS. The condensed interim financial statements do not contain all

information and disclosures required by IFRS for full annual financial statements.

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on June 14, 2012.

(b) Basis of measurement

These condensed interim financial statements have been prepared under the historical cost basis.

(c) Use of estimates and judgements

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year.

(d) Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements; estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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 those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include, but are not limited to, accounting for share-based payment, calculation of amortization, provision for income taxes, anticipated costs of asset retirement obligations and the valuation of deferred income tax assets, mining interests and deferred expenditures.

Critical judgements required in applying the Company’s accounting policies that would have the most significant impact on the Company’s financial statements include: commencement of commercial production, determination of control and significant influences, determination of functional currency, accounting for acquisitions, capitalization of exploration and evaluation costs, determination of economic viability of a project, recognition of deferred taxes and evaluation of contingencies.

3. **Summary of significant accounting policies**

Significant accounting policies are presented in note 3 and the impact of the new standards, including reconciliations presenting the change from previous Canadian generally accepted accounting principles (“GAAP”) to IFRS at November 1, 2010 and October 31, 2011 are presented in note 12 of the Company’s condensed interim financial statements for the three months ended January 31, 2012.

The impacts of the new standards, including reconciliations presenting the change from previous GAAP to IFRS as at April 30, 2011 and the three and six months ended April 30, 2011, are presented in note 12 herein.

4. Property, Plant and Equipment

	Rate	Cost	Accumulated Amortization	Net Book Value April 30, 2012	Net Book Value October 31, 2011	Net Book Value November 1, 2010
Computer equipment	30%	$ 67,666	$ 41,544	$ 26,122	$ 17,739	$ 14,819
Furniture & equipment	20%	45,637	28,717	16,920	18,800	20,242
Leasehold improvements	20%	1,197	1,197	-	-	293
Buildings	10%	549,000	225,754	323,246	342,261	380,290
Heavy equipment	30%	661,231	510,004	151,227	177,914	133,840
Asset retirement obligation		645,674	138,957	506,717	512,092	489,204
		$ 1,970,405	$ 946,173	$ 1,024,232	$ 1,068,806	$ 1,038,688

5. Mineral Properties

	Balance October 31, 2011	Additions	Balance April 30, 2012
ES, GS and South Zone			
Acquisition of property rights	$ 2,943,788	$ 32,000	$ 2,975,788
Technical analysis	116,133	3,322	119,455
	3,059,921	35,322	3,095,243
SC Zone			
Acquisition of property rights	100	-	100
Technical analysis	68,017,792	5,059,246	73,077,038
Licenses and permits	106,623	-	106,623
	68,124,515	5,059,246	73,183,761
Total mineral properties	$ 71,184,436	$ 5,094,568	$ 76,279,004

	Balance November 1, 2010	Additions	Balance October 31, 2011
ES, GS and South Zone			
Acquisition of property rights	$ -	$ 2,943,788	$ 2,943,788
Technical analysis	-	116,133	116,133
	-	3,059,921	3,059,921
SC Zone			
Acquisition of property rights	100	-	100
Technical analysis	51,627,662	16,390,130	68,017,792
Licenses and permits	106,623	-	106,623
	51,734,385	16,390,130	68,124,515
Total mineral properties	$ 51,734,385	$ 19,450,051	$ 71,184,436

During the six months ended April 30, 2012 the Company acquired two groups of mineral tenures.

The first group of approximately 4,741 hectares (24 mineral tenures) is contiguous to the north and south of the Schaft Creek project. Consideration paid by Copper Fox was $25,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to purchase half of the NSR for a cash payment of $1.0 million such that the NSR is reduced from 2% to 1%.

The second group of approximately 700 hectares (2 mineral tenures) is located in the Mess Creek area. Consideration paid by Copper Fox was $7,000 cash and a 1% net smelter return (NSR) royalty on the mineral tenures. The NSR Buyout Option allows Copper Fox at any time to purchase the NSR for a cash payment of $0.25 million.

Copper Fox holds title and a 100% working interest in the Schaft Creek project consisting of 52,843.34 hectares (130,579 acres). Included in this total are the "Schedule A" mineral tenures originally conveyed to Copper Fox pursuant to the option agreement dated January 1, 2002 between Teck Resources Limited ("Teck") and Copper Fox (the "Teck Option Agreement"), which consist of 8,334.34 hectares (20,594 acres). The "Schedule A" mineral tenures are subject to a 3.5% Net Profits Interest held by Royal Gold, Inc., a 30% carried Net Proceeds Interest held by Liard Copper Mines Limited ("Liard") and, together with the additional mineral tenures obtained by Copper Fox within the "Area of Interest" provided for in the Teck Option Agreement, an earn back option held by Teck. On completion of the Feasibility Study, Copper Fox will earn Teck's 78% interest in Liard. Teck's earn back option to acquire either, 20%, 40% or 75%, of Copper Fox's interest in the Schaft Creek property is triggered upon delivery of a positive Feasibility Study to Teck. Should Teck elect to exercise its option for 75%, Teck is required to fund subsequent property expenditures up to a total of 400% of those incurred by Copper Fox ($75.9 million to January 31, 2012) and arrange for project financing, including the Copper Fox portion. For full details of the Teck earn back option please refer to the Company's website www.copperfoxmetals.com.

The remainder of Copper Fox's registered interests in mineral tenures in British Columbia total 44,509 hectares (109,984 acres). These interests have been acquired by Copper Fox through mineral tenure acquisitions and mineral tenure purchase agreements subsequent to Copper Fox entering into the Teck Option Agreement. Certain portions of these registered mineral tenures are subject to inclusion within the Schaft Creek project pursuant to the terms of the "Area of Interest" provisions of the Teck Option Agreement.

For the three and six months ended April 30, 2012 the Company has capitalized $138,238 (2011 - $106,500) and $261,420 (2011 - $209,250) of management and technical services provided by its officers and directors (see note 9).

6. Asset retirement obligation

The Company's asset retirement obligations relate to reclamation and closures costs of the Schaft Creek Property. The total asset retirement obligation is based on the Company's estimated costs to reclaim and abandon the property and facilities and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of the asset retirement obligations to be $722,013 at April 30, 2012 (October 31, 2011 - $700,544) based on an undiscounted and inflated future liability of $877,156 (October 31, 2011 - $883,718). These payments are expected to be made in the next 10 years.

The Company's estimated risk free rate of 2.07% (October 31, 2011 – 2.35%) and an inflation rate of 2.10% (October 31, 2011 – 2.07%) were used to calculate the present value of the asset retirement obligations.

Balance, November 1, 2010	$	612,272
Revisions		71,809
Accretion		16,463
Balance, October 31, 2011	$	700,544
Revisions		14,049
Accretion		7,420
Balance, April 30, 2012	$	722,013

7. Share capital

(a) Authorized

Authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, of which none have been issued. Issued and outstanding shares are as follows:

Common Shares	Number		Amount
Balance, November 1, 2010	362,337,553	$	45,821,953
Flow through shares issued	7,450,000		6,413,000
Non Flow through shares issued (note 5)	6,719,777		9,783,046
Value ascribed to warrants issued			(1,714,102)
Options exercised	2,235,000		1,053,750
Transfer from contributed surplus on option exercise			878,860
Warrants exercised	1,828,500		2,593,875
Transfer from contributed surplus on warrant exercise			944,668
Share issue costs			(728,223)
Balance, October 31, 2011	380,570,830		65,046,827
Non Flow through shares issued (note 5)	6,551,416		7,600,000
Value ascribed to warrants issued			(2,433,523)
Options exercised	725,000		248,002
Transfer from contributed surplus on option exercise			201,857
Warrants exercised	126,833		95,125
Transfer from contributed surplus on warrant exercise			60,013
Balance, April 30, 2012	387,974,079	$	70,818,301

During the six months ended April 30, 2012, the Company issued 3,278,689 units at a purchase price of $1.22 per unit, for aggregate net proceeds of $4,000,000. Each unit consists of one common share of Copper Fox and one common share purchase warrant of Copper Fox. Each warrant entitles the holder thereof to acquire one common share of

Copper Fox at an exercise price of $1.35 prior to December 13, 2012. This transaction was completed with an insider of the Company and no finder's fees or commissions were paid.

Also during the six months ended April 30, 2012, the Company issued 2,000,000 units at a purchase price of $1.10 per unit, for aggregate net proceeds of $2,200,000. Each unit consisted of one common share of Copper Fox and one common share purchase warrant of Copper Fox. Each warrant entitles the holder thereof to acquire one common share of Copper Fox at an exercise price of $1.25 prior to January 30, 2013. This transaction was completed with an insider of the Company and no finder's fees or commissions were paid.

The Company also issued 1,272,727 common shares at an issue price of $1.10 to settle the debt in the amount of $1,400,000 previously advanced to the Company by Mr. Echavarria. Mr. Echavarria is a Director, an insider, and a control person of Copper Fox, as defined by the regulations of the TSX-Venture Exchange, and has from time to time made advances to the Company, as required, interest free and with no set terms of repayment.

(b) Warrants

Share Purchase Warrants	Number	Amount
Balance, October 31, 2010	-	-
Issued	5,288,667	1,964,275
Exercised	(1,828,500)	(944,668)
Balance, October 31, 2011	3,460,167	1,019,607
Issued	5,278,689	2,433,523
Exercised	(126,833)	(60,013)
Balance, April 30, 2012	8,612,023	$ 3,393,117

As of April 30, 2012, the Company has warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Fair Value	Number of Warrants	Fair Value Amount	Exercise Amount
1.50	30-Sep-12	0.19	1,851,852	344,335	2,777,778
1.50	31-Oct-12	0.42	1,481,482	615,259	2,222,223
1.35	13-Dec-12	0.48	3,278,689	1,587,604	4,426,230
1.25	30-Jan-13	0.42	2,000,000	845,919	2,500,000
			8,612,023	$ 3,393,117	$ 11,926,231

The fair value of the warrants issued during the periods ending April 30, 2012 and 2011 were determined using the Black-Scholes valuation model using the following assumptions:

	30-Apr-12	30-Apr-11
Dividend yield	0.00%	0.00%
Expected volatility	91% to 98%	100% to 128%
Risk-free interest rate	0.95% to 1.01%	1.43% to 1.70%
Expected life	1 year	.75 to 2 years

(c) Stock option plan

The number of shares reserved for issuance under the Company's stock option plan is limited to 10% of the number of shares which are issued and outstanding on the date of a particular grant of options. Under the plan, the Board of Directors determines the term of a stock option to a maximum of 10 years, the period of time during which the options may vest and become exercisable as well as the option exercise price which shall not be less than the closing price of the Company's share on the Toronto Stock Exchange immediately preceding the date of grant. The Compensation Committee determines and makes recommendations to the Board of Directors as to the recipients of, and nature and size of, share-based compensation awards in compliance with applicable securities law, stock exchange and other regulatory requirements.

A summary of changes in the Company's outstanding stock options is presented below:

Balance, November 1, 2010	11,095,000
Issued	1,700,000
Exercised	(2,235,000)
Balance, October 31, 2011	10,560,000
Exercised	(725,000)
Balance, April 30, 2012	9,835,000

Options outstanding are as follows:

Exercise Price	Issue Date	Expiry Date	Balance Outstanding	Balance Vested
$0.78	Feb-07	Feb-12	650,000	650,000
$0.97	Feb-07	Feb-12	635,000	635,000
$0.78	Sep-07	Sep-12	350,000	350,000
$0.85	Nov-07	Nov-12	200,000	200,000
$0.45	Jun-08	Jun-13	1,675,000	1,675,000
$0.10	Jul-09	Jul-14	1,000,000	944,427
$0.15	Oct-09	Sep-14	3,150,000	3,150,000
$0.15	Nov-09	Sep-14	500,000	500,000
$1.69	Mar-11	Mar-16	1,675,000	1,675,000
			9,835,000	9,779,427

During the quarter ended April 30, 2012 the Company approved an incentive stock option grant to officers and directors of the Company for the purchase of a total of 950,000 shares of Copper Fox at an exercise price of $1.04 per share, vesting equally over a period of 6 months and expiring on April 24, 2017. These options have not yet been issued.

The fair value of the options issued have been determined using the Black-Scholes valuation model using the following assumptions:

	2011	2010
Dividend yield	0.00%	0.00%
Expected volatility	116%	126%
Risk-free interest rate	0.23%	2.42%
Expected life	5 years	5 years
Fair value	$ 1.38	$0.089 to $0.114

8. Weighted average number of shares

Loss per share is computed by dividing net loss for the period by the weighted average number of shares outstanding. In computing loss per share the weighted average number of shares outstanding during the three and six months ended April 30, 2012 were 387,243,477 (2011 – 367,998,402) and 382,679,100 (2011 – 364,958,388) common shares. Stock options and warrants granted by the Company during this period have not been included in the computation of loss per share as they are anti-dilutive.

9. Related party transactions

During the three and six months ended April 30, 2012 directors and officers of the Company incurred $192,238 (2011 - $162,500) and $369,420 (2011 - $359,650) for management and technical services on behalf of the Company. At April 30, 2012 $33.745 (2011 – $27,250) is included in accounts payable.

In addition, $95,358 (2011 - $71,559) and $203,971 (2011 – 195,586) of legal fees were paid during the three and six months ended April 30, 2012 to a law firm of which one of the Company's Directors is a partner. At April 30, 2012 $95,358 (2011 – $124,027) is included in accounts payable.

The Company subleases part of its Calgary office to a Corporation with a common Director. Additionally, the Company sub leases part of its Vancouver office to a Corporation with a common Officer.

10. Subsequent event

Subsequent to the quarter ended April 30, 2012, the Company acquired two groups of mineral tenures.

The first group of 4,514.78 (16 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was $25,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to repurchase half of the NSR for a cash payment of $1.0 million such that the NSR is reduced from 2% to 1%.

The second group of 8,577.82 hectares (29 mineral tenures) are contiguous to the Company's Schaft Creek project. Consideration paid by Copper Fox was $20,000 cash and a 2% net smelter return (NSR) royalty on the mineral claims subject to a "Partial NSR Buyout Option". The Partial NSR Buyout Option allows Copper Fox at any time to repurchase half of the NSR for a cash payment of $1.0 million such that the NSR is reduced from 2% to 1%.

Also, subsequent to the quarter, the Company announced the results of its recently completed National Instrument 43-101 resource estimate for the Schaft Creek copper-gold-molybdenum-silver deposit.

In addition, a company controlled by a Director loaned the Company $2,000,000. The loan bears no interest and has no fixed terms of repayment. These transactions were recorded at the exchange amount agreed to by the related parties.

11. **Commitment**

The Company has a commitment with respect to its office leases in Calgary and Vancouver as follows:

Period	Feb 1, 2012 - Oct 31, 2012	Nov 1, 2012 - Oct 31, 2013	Nov 1, 2013 - Jun 30, 2014
Amount	$ 140,078	$ 113,818	$ 18,406

12. **IFRS**

While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and financial performance. This note sets out how the transition from Canadian GAAP to IFRS has affected the Company's statement of financial position and statement of cash flows as at April 30, 2011 and statement of comprehensive loss for the three and six months ended April 30, 2011.

Mineral properties
During the first quarter of October 31, 2009, the Company wrote down the carrying value of its mineral property by $31 million based on the implied fair value of a proposed board approved transaction which was subsequently terminated. As at November 1, 2010, there were significant increases in the market value of the Company and the implied property value when compared to the first quarter of October 31, 2009. The Company considered this to be an indicator of impairment reversal for its mineral properties. Based on the assessment, the Company determined that $31 million of previous impairment should be reversed.

Asset retirement obligation
The asset retirement obligation has been re-measured as per the requirements of IFRIC 1 as at November 1, 2010. The measurement difference between Canadian GAAP and IFRS is primarily related to the use of liability specific discount rate under IFRS which are to be updated each reporting period.

Flow through shares
Flow through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP, however, there is no equivalent IFRS guidance. Therefore, the Company intends to adopt a policy whereby the premium paid for flow through shares in excess of the market value of the shares without the flow through features at the time of issue is credited to other liabilities and included in expenses at the time the qualifying expenditures are made.

Income tax

Due to the adjustment to mineral properties discussed above and the flow through share premium also discussed above, their carrying value in accordance with IFRS are different than under with Canadian GAAP and the resulting deferred income taxes balances reflect this difference.

The April 30, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

As at April 30, 2011	GAAP as previously recorded	Effect of transition to IFRS	IFRS
Assets			
Current assets:			
Cash and cash equivalents	$ 4,115,765	$ -	$ 4,115,765
Accounts receivable	160,829	-	160,829
Prepaid expenses and deposits	1,382,541	-	1,382,541
	5,659,135	-	5,659,135
Investment	698,290	-	698,290
Mineral properties	29,164,615	30,310,996	59,475,611
Property and equipment	507,627	436,819	944,446
	$ 36,029,667	$ 30,747,815	$ 66,777,482
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	$ 803,248	$ -	$ 803,248
Shareholder loan	1,500,000	-	1,500,000
	2,303,248	$ -	$ 2,303,248
Asset retirement obligations	437,523	155,565	593,088
Deferred taxes	-	8,535,407	8,535,407
Shareholders' equity:			
Share capital	63,253,766	(5,421,568)	57,832,198
Share purchase warrants	226,702	-	226,702
Contributed surplus	10,157,505	-	10,157,505
Deficit	(40,349,077)	27,478,411	(12,870,666)
	33,288,896	22,056,843	55,345,739
	$ 36,029,667	$ 30,747,815	$ 66,777,482

The Canadian GAAP statements of comprehensive loss for the three and six month periods ended April 30, 2011 have been reconciled to IFRS as follows:

For the three months ended April 30, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Expenses:			
Administration	286,337	-	286,337
Amortization and accretion	28,786	9,871	38,657
Professional fees	170,962		170,962
Processing fees	70,804		70,804
Rent	7,723		7,723
Stock based compensation	1,765,758		1,765,758
Travel	48,279		48,279
Net (income)/loss before income tax	$ 2,378,649	$ 9,871	2,388,520
Deferred income tax expense	-	373,125	373,125
Net loss	$ 2,378,649	$ 382,996	$ 2,761,645

For the six months ended April 30, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Expenses:			
Administration	479,289	-	479,289
Amortization and accretion	57,741	19,156	76,897
Professional fees	244,522		244,522
Processing fees	99,234		99,234
Rent	15,911		15,911
Stock based compensation	1,770,742		1,770,742
Travel	69,421		69,421
Net loss before income tax	$ 2,736,860	$ 19,156	2,756,016
Deferred income tax expense	-	732,463	732,463
Net loss	$ 2,736,860	$ 751,619	$ 3,488,479

The Canadian GAAP statement of cash flows for the six month period ended April 30, 2011 has been reconciled to IFRS as follows:

For the six months ended April 30, 2011	GAAP as previously reported	Effect of transition to IFRS	IFRS
Cash provided by (used in):			
Operations:			
Net loss for the period	$ (2,736,860)	$ (751,618)	$ (3,488,478)
Items not involving cash:			
Amortization and accretion	57,741	19,155	76,896
Deferred income tax	-	732,463	732,463
Stock-based compensation	1,770,742		1,770,742
Change in non-cash working capital	(217,516)		(217,516)
	(1,125,893)	-	(1,125,893)
Financing:			
Shareholder loan	1,500,000		1,500,000
Issue of shares and warrants, net of issue costs	10,239,199		10,239,199
	11,739,199	-	11,739,199
Investing:			
Mineral property expenditures	(4,853,726)		(4,853,726)
Mineral property acquisitions	(600,000)		(600,000)
Investment	(269,540)		(269,540)
Additions to property and equipment	(1,839)		(1,839)
Net change in non-cash working capital	(1,237,008)		(1,237,008)
	(6,962,113)	-	(6,962,113)
Increase in cash and cash equivalents during period	3,651,193	-	3,651,193
Cash and cash equivalents, beginning of period	464,572		464,572
Cash and cash equivalents, end of period	$ 4,115,765	$ -	$ 4,115,765