LAURENTIAN GOLDFIELDS LTD.

(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(Stated In Canadian Funds)

Unaudited – Prepared by Management

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these interim financial statements.

Statement 1

LAURENTIAN GOLDFIELDS LTD.

(An Exploration Stage Company)

Interim Balance Sheet

Unaudited – Prepared by Management
(Stated in Canadian Funds)

ASSETS		As at September 30, 2010		As at March 31, 2010
Current				
Cash and cash equivalents *(Note 7e)*	**$**	**1,299,380**	$	766,094
Restricted cash *(Note 6d and 6f)*		**775,827**		385,264
Cash call receivable		**-**		23,900
Short-term investments *(Note 4)*		**69,500**		634,500
Sales tax and other receivables		**103,023**		24,045
Prepaid expenses		**15,704**		29,853
		2,263,434		1,863,656
Property and equipment *(Note 5)*		**53,515**		46,049
Resource property costs *(Note 6) – Schedule*		**710,240**		591,490
	$	**3,027,189**	$	2,501,195

LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**367,003**	$	77,212
Mineral property funding obligations *(Note 6d and 6f)*		**775,827**		385,264
		1,142,830		462,476
SHAREHOLDERS' EQUITY				
Share capital *(Note 7a)*		**6,416,953**		6,386,203
Share purchase warrants *(Notes 7b and 7c)*		**1,037,131**		1,844,178
Contributed surplus *(Note 7f)*		**1,562,951**		755,904
Deficit - *Statement 2*		**(7,132,676)**		(6,947,566)
		1,884,359		2,038,719
	$	**3,027,189**	$	2,501,195

Going Concern *(Note 1)*
Subsequent Events *(Note 12)*

ON BEHALF OF THE BOARD:

"Andrew Brown", Director

"Brian P. Fowler", Director

- See Accompanying Notes to the Interim Financial Statements -

LAUNRENTIAN GOLDFIELDS LTD.

LAUNTIAN GOLDFIELDS LTD.

1. Nature of Operations and Going Concern

The Company is an exploration stage enterprise focusing on the acquisition, exploration and development of economic gold and other precious and base metal properties. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its exploration commitments, administrative overhead and maintain its mineral interests. The recoverability of amounts shown for resource properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to make scheduled payments under each of its property agreements, the development of these properties and future profitable production or proceeds from the disposition of mineral properties.

While these interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, there are events and conditions that cast significant doubt on the validity of that assumption. The Company has incurred losses since inception and has an accumulated deficit of $7,132,676 at September 30, 2010. The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its various projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

These interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current period's presentation.

4. Short-term Investments

As at September 30, 2010, the Company has invested $69,500 into Guaranteed Investment Certificates ("GICs") with a Canadian Financial Institution. These GICs are yielding interest at rates ranging from 0.2% to 1.15% and with maturity dates ranging from 4 to 7 months. All short-term investments have been classified as held-for-trading. A summary of the details above is as follows:

	September 30, 2010	March 31, 2010
Guaranteed Investment Certificates	**$ 69,500**	$ 634,500

5. Property and Equipment

	September 30, 2010			March 31, 2010		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 32,753**	**$ (24,105)**	**$ 8,648**	$ 28,761	$ (20,825)	$ 7,936
Computer software	**26,203**	**(23,217)**	**2,986**	20,231	(20,231)	-
Office furniture and equipment	**7,589**	**(1,368)**	**6,221**	2,121	(676)	1,445
Project field equipment	**59,712**	**(24,052)**	**35,660**	56,758	(20,090)	36,668
	$ 126,257	**$ (72,742)**	**$ 53,515**	$ 107,871	$ (61,822)	$ 46,049

6. Resource Property Costs

Details of the Company's resource property acquisition costs are as follows:

	Maze Lake (Nunavut)	**Grenville (Quebec)**	**Van Horne (Ontario)**	**New Klondike (Ontario)**	**Sakoose West (Ontario)**	**Total**
Balance, March 31, 2009	$ 350,000	$ 80,000	$ 66,340	$ -	$ -	**$ 496,340**
Acquisition Costs - Cash	-	-	65,000	1,000	-	**66,000**
Acquisition Costs – Shares	-	-	29,150	-	-	**29,150**
Balance, March 31, 2010	$ 350,000	$ 80,000	$ 160,490	$ 1,000	$ -	**$ 591,490**
Acquisition Costs - Cash	-	-	79,000	1,000	8,000	**88,000**
Acquisition Costs – Shares	-	-	30,750	-	-	**30,750**
Balance, September 30, 2010	**$ 350,000**	**$ 80,000**	**$ 270,240**	**$ 2,000**	**$ 8,000**	**$ 710,240**

For further detail, please refer to the Schedule of Resource Property Costs following Note 12 to the Interim Financial Statements.

6. Resource Property Costs *– Continued*

c) Van Horne, Dryden, Ontario

On July 1, 2008, the Company signed 7 option agreements to acquire a 100% interest in 7 contiguous mining properties in the Eagle-Wabigoon-Manitou Lakes Greenstone Belt near Dryden, Ontario. These properties are also adjacent to claims acquired during the year ended March 31, 2008. Collectively, these claim blocks are referred to as the Van Horne Property.

The Company may earn an interest in each of the 7 properties under option by paying the following aggregate consideration over a 4 year period:

Payments:

i)	$	41,500	on or before June 1, 2008 *(paid)*
ii)		61,500	on or before June 1, 2009 *(paid)*
iii)		73,000	on or before June 1, 2010 *(paid)*
iv)		116,750	on or before June 1, 2011
v)		18,500	on or before June 1, 2012
	$	311,250	

Common shares:

i)	103,500	on or before June 1, 2008 *(issued – fair value $24,840)*
ii)	155,000	on or before June 1, 2009 *(issued – fair value $27,900)*
iii)	205,000	on or before June 1, 2010 *(issued – fair value $30,750)*
iv)	220,000	on or before June 1, 2011
v)	284,000	on or before May 1, 2012
	967,500	

Minimum expenditures:

i)	100,000	on or before June 1, 2009 *(incurred)*
ii)	250,000	on or before June 1, 2010 *(incurred)*
iii)	500,000	on or before June 1, 2011 *(incurred - $462,723)*
iv)	750,000	on or before June 1, 2012
	1,600,000	

The Company may also be subject to certain additional buyout payments relating to the final acquisition of surface/access rights under 3 of the 7 option agreements. The property optionors retain a 2% Net Smelter Royalty (NSR) on each of the 7 properties under option. The Company has the right to reduce the NSRs to 1% for 6 of the 7 NSRs at a price of $1,000,000 each.

6. Resource Property Costs – *Continued*

c) Van Horne, Dryden, Ontario – *Continued*

On May 6, 2009, the Company increased its land position by negotiating an option to acquire the mineral rights to a single patent mining claim within the boundaries of the Company's existing Van Horne Property. To earn a 100% interest in the new land position, the Company must pay the following aggregate consideration over a 3 year period:

Payments:

i)	$	3,500	upon signing of agreement *(paid)*
ii)		6,000	on or before June 1, 2010 *(paid)*
iii)		8,000	on or before June 1, 2011
iv)		12,000	on or before June 1, 2012
	$	29,500	

Common shares:

i)	10,000	upon signing of agreement *(issued – fair value $1,250)*

Minimum expenditures:

This option is subject to the aggregate $1,600,000 in exploration expenditures required to maintain the adjacent options in good standing as noted above.

The property optionors retain a 2% Net Smelter Royalty (NSR) on the new land position. The Company has the right to repurchase one-half of the NSR for $1,000,000.

d) AngloGold Alliance

On April 29, 2009, the Company entered into a 3 year strategic exploration alliance (the "Anglo Alliance") with AngloGold Ashanti Ltd. ("AngloGold"). The Anglo Alliance included a subscription by AngloGold to a $400,000 private placement in the Company *(Note 7b).*

In year 1 of the Anglo Alliance, AngloGold funded a total of $700,000 in exploration which included $500,000 for generative exploration efforts in five selected areas in Quebec, Ontario, and Saskatchewan, with the objective of identifying new grassroots gold exploration projects, and $200,000 for upgrading targets within portions of the Company's existing Grenville Project.

On December 9, 2009, the Company and AngloGold agreed to advance the Anglo Alliance into year 2 of follow-up exploration with AngloGold funding $1,700,000.

6. Resource Property Costs – *Continued*

d) AngloGold Alliance – *Continued*

In year 3 of the Anglo Alliance, at AngloGold's option, AngloGold may fund additional exploration totaling $3,000,000 to follow-up on project results from years 1 and 2. Upon spending $5,400,000 in exploration over 3 years (the "Earn-In Period"), AngloGold will earn a 60% interest in each exploration project defined under the Anglo Alliance and Laurentian will retain a 40% interest. AngloGold, at its option, may then increase its interest to 75% in any exploration project by fully funding any ongoing exploration through to the completion of a National Instrument 43-101 compliant, inferred gold resource within 3 years of completion of the Earn-In Period. Any assets acquired during the Earn-In Period that do not progress to a joint venture will revert 100% to Laurentian.

As at September 30, 2010, the Company had restricted cash of $598,050 which must be spent on exploration relating to the AngloGold Alliance.

e) Uchi Alliance

On July 21, 2009, the Company entered into a 1 year strategic exploration alliance (the "Uchi Alliance") with Kinross Gold Corporation ("Kinross") to conduct a $500,000 generative exploration program in the Uchi Geological Sub-province of Ontario and Manitoba.

Under the terms of the Uchi Alliance, Kinross and Laurentian will invest $400,000 and $100,000 respectively to fund one year of early-stage exploration to identify new gold exploration projects. Kinross may elect to form a joint venture with Laurentian on a 50/50 percentage basis in any of the projects identified and acquired as a result of the Uchi Alliance. Kinross can then increase its interest to 75% on each joint venture property by solely funding an additional $1,500,000 in exploration expenditures over a two year period from the date the joint venture is formed.

As at September 30, 2010, the Company had spent all of the $500,000 which was invested in exploration relating to the Uchi Alliance and therefore had no restricted cash remaining.

6. Resource Property Costs – *Continued*

f) Goldpines North Joint Venture

On March 26, 2010, the Company and Kinross signed a Letter of Intent ("LOI") to form the unincorporated Goldpines North Joint Venture ("GPNJV") which is the first joint venture to arise from the Uchi Alliance which was entered into on July 21, 2009 *(Note 6e)*.

The GPNJV will be accounted for as a jointly controlled asset in accordance with Canadian GAAP, with Kinross currently holding a 50% participating interest in the GPNJV and Laurentian currently holding a 50% carried interest. Under the terms of the GPNJV, Kinross may, at its option, earn an additional 25% interest ("Additional Earn-In Period") in the GPNJV by fully funding $1,500,000 within 2 years from the commencement of the GPNJV, with a minimum expenditure requirement of $500,000 in the first year.

At any time during the Additional Earn-In Period, Kinross may elect to terminate its Earn-In Option upon delivery to Laurentian of 30 days written notice. If at the time of delivery of the notice of termination, Kinross has incurred less than $1,000,000 in expenditures, Kinross will be entitled to a 2% Net Smelter Royalty ("NSR") interest (in lieu of all other rights), on terms to be mutually agreed upon by Laurentian and Kinross and Laurentian will be deemed to hold a 100% participating interest in the project concept subject only to the aforementioned interest.

If at the time of delivery of the notice of termination, Kinross has funded and incurred expenditures in an amount equal to or greater than $1,000,000 prior to the completion of the Additional Earn-In Period, Kinross will be entitled to retain its 50% interest in the joint venture and Laurentian's 50% carried interest shall be converted to a 50% participating interest.

If a party's participating interest is diluted to 10% or less, then such interest will be converted to a 2% NSR interest and the other party will be deemed to hold a 100% participating interest in the project concept.

The Company operates its Goldpines North Project through the GPNJV under which the joint venture participants are bound by a contractual agreement establishing joint control over the joint venture. The Company records its proportionate share of assets, liabilities, revenue and operating costs of the joint venture. There were no liabilities, revenues, operating costs or cash flow activities and there are no contingencies or commitments in the GPNJV as at and for the period ended September 30, 2010.

As operator of the GPNJV, Laurentian is entitled to a management fee equal to 10% of the approved exploration expenditures.

As at September 30, 2010, the Company had restricted cash of $177,777 which must be spent on exploration relating to the GPNJV.

6. Resource Property Costs – *Continued*

g) Other Properties, Ontario

New Klondike Property

On July 27, 2009, the Company signed an option agreement to acquire a 100% interest in two contiguous patent claims in the Kenora Mining Division. The Company also staked an additional six claim units, contiguous with and along strike from the patents under option.

To earn a 100% interest in the patents under option, the aggregate consideration to be paid by Laurentian over a 4 year period is as follows:

Payments:

i)	$	1,000	on or before August 1, 2009 *(paid)*
ii)		1,000	on or before August 1, 2010 *(paid)*
iii)		1,000	on or before August 1, 2011
iv)		27,000	on or before August 1, 2012
	$	30,000	

The property vendor retains a 2% Net Smelter Royalty (“NSR”) on the two patents under option and the Company has the right to reduce the NSR to 1% at a price of $1,000,000.

Sakoose West Property

On August 25, 2009, the Company signed an option agreement to acquire a 100% interest in two contiguous mining claims in the Kenora Mining Division.

To earn a 100% interest in the mining claims under option, the aggregate consideration to be paid by Laurentian is as follows:

Payments:

i)	$	8,000	on or before August 27, 2011 *(paid)*

Minimum expenditures:

i)	$	2,400	on or before September 30, 2009 *(incurred)*

The property vendor retains a 2% Net Smelter Royalty (“NSR”) on the two mining claims under option and the Company has the right to reduce the NSR to 1% at a price of $1,000,000.

7. Share Capital

a) Details are as follows:

	Number		Amount
Authorized:			
Unlimited number of common voting shares without par value			
Unlimited number of preferred shares			
Issued:			
Balance – March 31, 2009	22,115,719		5,206,350
Non flow-through shares issued during the period - *(Note 7b)*	12,991,504		957,524
Flow-through shares issued during the period – *(Note 7b)*	6,657,552		885,763
Share issuance costs	-		(159,838)
Issued during the period – property payments - *(Note 6c)*	165,000		29,150
Fair value of compensation options issued - *(Note 7b)*	-		(234,821)
Flow-through income tax renunciation – *(Note 7e)*	-		(297,925)
Balance – March 31, 2010	41,929,775	$	6,386,203
Issued during the period – property payments - *(Note 6c)*	205,000		30,750
Balance – September 30, 2010	**42,134,775**	**$**	**6,416,953**

b) Private Placements

Private Placement August 2009

On August 7, 2009, the Company closed a non-brokered private placement of 1,102,000 flow-through units at a price of $0.18 per unit and 8,547,060 non flow-through units at a price of $0.15 per unit for aggregate gross proceeds of $1,480,419. Each flow-through unit comprises of one flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share for a period of two years from the date of issuance at a price of $0.25 per share during year one and $0.35 per share during year two. Each non flow-through unit comprises of one non flow-through common share and one non flow-through common share purchase warrant, each warrant exercisable to purchase one additional non flow-through common share for a period of two years from the date of issuance at a price of $0.25 per share during year one and $0.35 per share during year two. The warrants attached to this issuance have been valued at $598,348 ($626,080 net of warrant issuance costs of $27,732) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions	
Risk-free interest rate	1.33%
Expected stock price volatility	196%
Expected dividend yield	0.00%
Expected life of warrants	2 years

7. Share Capital – *Continued*

b) Private Placements - *Continued*

Private Placement August 2009 - Continued

In connection with this private placement the Company issued 547,000 compensation options at a price of $0.18 per option. The Company has recorded the fair value of these compensation options as share issuance costs. The 547,000 compensation options are exercisable for a period of two years from the date of issuance into units comprised of one non flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at a price of $0.25 per share during year one and $0.35 per share during year two. The compensation options attached to this issuance have been valued at $105,825 based upon the Black-Scholes Method using the following assumptions noted below. Finder's fees of $51,000 were paid in cash.

Assumptions	
Risk-free interest rate	1.33%
Expected stock price volatility	196%
Expected dividend yield	0.00%
Expected life of compensation options	2 years

Private Placement July 2009

On July 2, 2009, the Company closed a non-brokered private placement of 5,555,552 flow-through units at a price of $0.18 per unit for gross proceeds of $999,999. Each flow-through unit comprises of one flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share for a period of two years from the date of issuance at a price of $0.25 per share during year one and $0.35 per share during year two. The warrants attached to this issuance have been valued at $262,301 ($289,901 net of warrant issuance costs of $27,600) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions	
Risk-free interest rate	1.33%
Expected stock price volatility	193%
Expected dividend yield	0.00%
Expected life of warrants	2 years

7. Share Capital – *Continued*

b) Private Placements - *Continued*

Private Placement July 2009 – *Continued*

In connection with this private placement the Company issued 555,555 compensation options at a price of $0.18 per option. The Company has recorded the fair value of these compensation options as share issuance costs. The 555,555 compensation options are exercisable for a period of two years from the date of issuance into units comprised of one non flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at a price of $0.25 per share during year one and $0.35 per share during year two. The compensation options attached to this issuance have been valued at $128,996 based upon the Black-Scholes Method using the following assumptions noted below. Finder's fees of $80,000 were paid in cash.

Assumptions	
Risk-free interest rate	1.33%
Expected stock price volatility	193%
Expected dividend yield	0.00%
Expected life of compensation options	2 years

Private Placement June 2009

On June 16, 2009, the Company closed a non-brokered private placement of 4,444,444 non flow-through units at a price of $0.09 per unit for gross proceeds of $400,000. Each non flow-through unit consists of one non flow-through common share and one non flow-through common share purchase warrant, each warrant being exercisable to purchase one additional non flow-through common share of Laurentian Goldfields Ltd. at a price of $0.18 per common share until June 16, 2011.

The warrants attached have been valued at $176,482 based upon the Black-Scholes Method using the following assumptions:

Assumptions	
Risk-free interest rate	1.04%
Expected stock price volatility	192%
Expected dividend yield	0.00%
Expected life of warrants	2 years

Under the terms of the AngloGold Alliance *(Note 6d)* the Company agreed to invest $100,000 of the proceeds from this private placement into year 1 exploration.

7. Share Capital – *Continued*

c) Share Purchase Warrants

Details of issued and outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
March 31, 2009	3,833,286	$0.57
Issued	16,320,278	$0.30
March 31, 2010	20,153,564	$0.35
Expired *	(3,833,286)	$0.57
September 30, 2010	**16,320,278**	**$0.30**

* On May 15, 2010, 3,833,286 warrants (fair value - $807,047, net) expired without exercise.

At September 30, 2010, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
June 16, 2011 *(Note 7b)*	$0.18	4,444,444	$ 176,482
July 2, 2011 *(Note 7b)*	$0.35	2,777,774	262,301
August 7, 2011 *(Note 7b)*	$0.35	8,547,060	548,053
August 7, 2011 *(Note 7b)*	$0.35	551,000	50,295
Weighted Average	**$0.30**	**16,320,278**	**$ 1,037,131**

d) Stock Options

The Company has established a share purchase option plan (the "Plan") whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or management company employees. Options granted must be exercised no later than five years from the date of grant or such lesser or greater period as may be determined by the Company's board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

7. Share Capital – *Continued*

d) Stock Options – *Continued*

At September 30, 2010, the following options were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining in Years
April 26, 2011	$0.40	25,000	0.57
November 30, 2012	$0.44	340,911	2.17
August 11, 2014	$0.17	1,925,000	3.87
February 1, 2015	$0.17	200,000	4.34
	$0.21	**2,490,911**	**3.64**

e) Flow-Through Shares

Fiscal Year Ended March 31, 2010

During the year ended March 31, 2010, the Company issued 6,657,552 flow-through common shares for total proceeds of $1,191,702, which must be used for qualifying exploration expenditures and were renounced to the flow-through shareholders effective December 31, 2009. The future income tax liability was estimated to be $297,925 resulting from the renunciation of these qualifying expenditures and was recorded on February 5, 2010, the date the renunciation tax forms were filed. As the Company had previously unrecognized tax assets available, the future income tax liability as at September 30, 2010 has been eliminated. The unspent balance of this flow-through issuance at September 30, 2010 was $229,817 which must be spent by December 31, 2010.

f) Contributed Surplus

Contributed surplus relates to the recognition of the estimated fair value of stock options vested, the estimated fair value of compensation options issued and the expiry of warrants as follows:

Balance – March 31, 2009	$	190,149
Fair value of stock-based compensation on options vested *(Note 7d)*		330,934
Fair value of compensation options issued *(Note 7b)*		234,821
Balance – March 31, 2010	$	755,904
Expiry of warrants *(Note 7c)*		807,047
Balance – September 30, 2010	**$**	**1,562,951**

g) Escrow Shares

As at September 30, 2010, 1,131,569 (March 31, 2010 – 1,697,354) shares are held in escrow. These common shares will be held in escrow and will be released pro-rata to the shareholders in six equal tranches of 15% every six months beginning May 15, 2008 (date of Qualifying Transaction) for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

8. Maze Lake Joint Venture

On January 29, 2009, the Company formed the Maze Laze Joint Venture ("MLJV") with Terrane Metals Corp. ("Terrane"), which is now a subsidiary of Thompson Creek Metals Company Inc., in accordance with the Option and Joint Venture Agreement dated May 15, 2008. The MLJV is being accounted for as a jointly controlled asset in accordance with Canadian GAAP. The Company contributed capitalized mining acquisition and exploration costs ("Mining Interest") to the MLJV for an initial 51% interest. As of September 30, 2010, Terrane's initial 49% interest in the MLJV was diluted to 43% with the participating interest of the Company recalculated to 57%. Should Terrane's interest in the MLJV decline below 10%, their interest is converted to a royalty equal to 2% of Net Smelter Returns payable on the commencement of commercial production.

The Company operates its Maze Lake Project through the MLJV under which the joint venture participants are bound by a contractual agreement establishing joint control over the joint venture. The Company records its proportionate share of assets, liabilities, revenue and operating costs of the joint venture. As of September 30, 2010, the Company's proportionate share of the assets of the MLJV is $2,567,681. There were no liabilities, revenues, operating costs or cash flow activities and there are no contingencies or commitments in the MLJV as at and for the period ended September 30, 2010.

As of September 30, 2010, the MLJV has not yet commenced operations and the Company continues to act as the operator of the MLJV.

9. Related Party Transactions

During the period, the Company paid consulting fees of $15,900 (2009 - $20,550) to its Chief Financial Officer; $30,000 (2009 - $30,000) to a Director of the Company and $3,500 (2009 - $3,700) to an Officer of the Company.

Related party transactions are in the normal course of business and occur on terms similar to transactions with non-related parties, and therefore are measured at the exchange amount.

10. Capital Management

The Company considers its capital to consist of its shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration and development of mineral properties. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

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10. Capital Management – *Continued*

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits.

- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal.

- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

The properties in which the Company currently holds an interest in are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. Additional information regarding capital management is disclosed in Note 1.

There were no changes in the Company's approach to capital management during the period ended September 30, 2010 compared to the year ended March 31, 2010. The Company is not subject to externally imposed capital requirements.

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11. Financial Instruments

Fair Value

The Company designated its cash and cash equivalents and short-term investments as held-for-trading, which are measured at fair value. Amounts receivable have been designated as loans and receivables, which are initially recorded at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

11. Financial Instruments – *Continued*

As of September 30, 2010, the Balance Sheet carrying amounts of these financial instruments closely approximate their fair value, and the Company held no derivative instruments.

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments. Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from the markets.

The following provides a comparison of carrying and fair value amounts of each classification of financial instruments as at September 30, 2010:

		September 30, 2010		March 31, 2010
Held-for-trading	**$**	**1,368,880**	$	1,424,494
Loans and receivables	**$**	**103,023**	$	24,045
Other financial liabilities	**$**	**367,003**	$	77,212

During the fiscal year ended March 31, 2010, the Company adopted the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate fair value. The financial instruments from the above schedule, which are covered by the new hierarchy disclosures, are cash and cash equivalents and short-term investments. These are both classified as Level 2 – direct or indirect observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates.

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits its cash and cash equivalents with high credit quality major Canadian financial institutions as determined by ratings agencies, with original maturities of less than 90 days. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at September 30, 2010, the Company had a cash balance of $1,299,380 (March 31, 2010 - $766,094) and restricted cash of $775,827 (March 31, 2010 - $385,264) to settle current liabilities of $1,142,830 (March 31, 2010 - $462,476) and flow-through commitments of $229,817 (March 31, 2010 - $263,030). Further information relating to liquidity risk is disclosed in Note1.

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12. Subsequent Events

a) During November 2010, the Company completed a non-brokered private placement of 2,923,555 units (“Units”) at a price of $0.18 per Unit, for total proceeds of $526,239.

Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.25 per share until November 15, 2011.

In connection with this private placement, the Company issued 110,900 units as a finder’s fee to one finder.

LAUTENTIAN GOLDFIELDS LTD.