LAURENTIAN GOLDFIELDS LTD.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

(Stated in Canadian Funds)

PRICEWATERHOUSECOOPERS

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July 25, 2011

Independent Auditor's Report

To the Shareholders of Laurentian Goldfields Ltd.

We have audited the accompanying financial statements of Laurentian Goldfields Ltd. (the "Company"), which comprise the balance sheets as at March 31, 2011 and 2010 and the statements of loss, comprehensive loss and deficit and cash flows for each of the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which discloses conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

Signed "PricewaterhouseCoopers LLP"

Chartered Accountants

Statement 1

LAURENTIAN GOLDFIELDS LTD.

(An Exploration Stage Company)

Balance Sheets

(Stated in Canadian Funds)

ASSETS		**As at March 31, 2011**		As at March 31, 2010
Current				
Cash and cash equivalents *(Note 7e)*	$	**2,815,971**	$	766,094
Restricted cash *(Notes 6d, 6e and 6f)*		**638,395**		385,264
Cash call receivable *(Note 6f)*		**-**		23,900
Short-term investments *(Note 4)*		**442,500**		634,500
Amounts receivable		**144,094**		24,045
Prepaid expenses		**87,688**		29,853
		4,128,648		1,863,656
Property and Equipment *(Note 5)*		**47,460**		46,049
Resource Property Costs *(Note 6)*		**850,740**		591,490
	$	**5,026,848**	$	2,501,195

LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**429,543**	$	77,212
Mineral property funding obligations *(Notes 6d, 6e and 6f)*		**638,395**		385,264
		1,067,938		462,476
SHAREHOLDERS' EQUITY				
Share Capital *(Note 7a)*		**8,852,962**		6,386,203
Share Purchase Warrants *(Note 7c)*		**2,125,624**		1,844,178
Contributed Surplus *(Note 7f)*		**2,031,390**		755,904
Deficit - *Statement 2*		**(9,051,066)**		(6,947,566)
		3,958,910		2,038,719
	$	**5,026,848**	$	2,501,195

Going Concern *(Note 2)*
Subsequent Events *(Note 12)*

ON BEHALF OF THE BOARD:

"Darin Labrenz", Director

"Brian P. Fowler", Director

- See Accompanying Notes to the Financial Statements -

LAURENTIAN GOLDFIELDS LTD.

Statement 2

(An Exploration Stage Company)

Statements of Loss, Comprehensive Loss and Deficit

(Stated in Canadian Funds)

		For the year ended March 31, 2011		For the year ended March 31, 2010
Expenses				
Amortization	**$**	**34,627**	$	31,411
Conferences and meetings		**84,166**		74,560
General exploration		**432,250**		236,184
Investor relations		**65,616**		54,249
Listing and filing fees		**21,209**		23,509
Office and administration		**141,063**		77,379
Professional fees		**47,109**		46,887
Rent		**53,128**		20,652
Resource property exploration expenses		**354,046**		744,786
Stock-based compensation *(Note 7d)*		**599,112**		330,934
Transfer agent fees		**16,278**		14,585
Wages and consulting fees		**696,435**		475,589
Loss from operations		**(2,545,039)**		(2,130,725)
Other Income (Expenses)				
Management and administration fee *(Notes 6d, 6e and 6f)*		**441,846**		-
Interest income		**3,591**		1,551
Interest expense		**(3,898)**		-
		441,539		1,551
Loss Before Income Taxes		**(2,103,500)**		(2,129,174)
Future Income Tax Recovery *(Note 11a)*		**-**		297,925
Net Loss and Comprehensive Loss for the Year		**(2,103,500)**		(1,831,249)
Deficit - Beginning of Year		**(6,947,566)**		(5,116,317)
Deficit - End of Year	**$**	**(9,051,066)**	$	(6,947,566)
Basic Loss per Share	**$**	**(0.05)**	$	(0.05)
Weighted Average Number of Common Shares Outstanding		**44,202,034**		36,187,848

LAURENTIAN GOLDFIELDS LTD.

(An Exploration Stage Company)

Statements of Cash Flows

(Stated in Canadian Funds)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Cash Flows from Operating Activities		
Net loss for the year	**$ (2,103,500)**	$ (1,831,249)
Items not affected by cash:		
Future income tax recovery	**-**	(297,925)
Stock-based compensation	**599,112**	330,934
Amortization	**34,627**	31,411
Write-down of mineral property acquisition cost *(Note 6g)*	**2,000**	-
	(1,467,761)	(1,766,829)
Change in non-cash working capital:		
Amounts receivable	**(120,049)**	101,036
Prepaid expenses	**(57,835)**	(12,527)
Accounts payable and accrued liabilities	**352,330**	(32,178)
	(1,293,315)	(1,710,498)
Cash Flows from Investing Activities		
Cash call receivable	**23,900**	(23,900)
Short-term investments	**192,000**	(634,500)
Increase in property and equipment	**(36,038)**	(27,038)
Resource property costs	**(88,000)**	(66,000)
	91,862	(751,438)
Cash Flows from Financing Activities		
Proceeds from exercise of incentive stock options and compensation options	**131,963**	-
Proceeds from exercise of warrants	**125,877**	-
Issuance of shares for cash, net of issue costs	**2,993,490**	2,720,580
	3,251,330	2,720,580
Net Increase in Cash and Cash Equivalents	**2,049,877**	258,644
Cash and Cash Equivalents- Beginning of Year	**766,094**	507,450
Cash and Cash Equivalents - End of Year	**$ 2,815,971**	$ 766,094

Supplemental Schedule of Non-Cash Investing Activities		
Issuance of shares for mineral properties	**$ 173,250**	$ 29,150

1. Nature of Operations

Laurentian Goldfields Ltd. (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.

2. Going Concern

While these 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 $9,051,066 at March 31, 2011. 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 favorable 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 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.

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3. Significant Accounting Policies

a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with original terms to maturity of three months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value.

c) Short-term Investments

Short-term investments comprise mainly of cashable Guaranteed Investment Certificates (GIC's) with original terms to maturity greater than three months.

d) Resource Property Costs

The Company's policy is to expense, as incurred, mineral property exploration expenditures until the mineral property reaches the development stage.

Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned.

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

e) Asset Retirement Obligations

The Company recognizes the fair value of legal obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement costs are recognized at fair value, when a reasonable estimate of fair value can be determined, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. Any liability is subject to accretion over time for increases in the fair value of the liability.

At March 31, 2011, no asset retirement costs have been recognized as none of the Company's properties are estimated to require any remediation or other expenditures upon their retirement.

3. Significant Accounting Policies – *Continued*

f) Amortization

The Company provides for amortization using the declining balance method at rates designed to amortize the cost of the property and equipment over its estimated useful life. The annual amortization rates are as follows:

Computer equipment	55 %
Computer software	100 %
Office furniture and equipment	20 %
Project field equipment	20 %

g) Income Taxes

The Company accounts for income taxes under the asset and liability method. Under the asset and liability method, the change in the net future tax asset or liability is included in income. The income tax effects of temporary differences between the time when income and expenses are recognized in accordance with company accounting practices and the time they are recognized for income tax purposes are reflected as future income tax assets or liabilities. Future income tax assets and liabilities are measured using statutory enacted tax rates expected to be in effect when the temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the year in which the change is enacted or substantively enacted. A valuation allowance is established, as needed, to reduce the future income tax asset to the amount that is more likely than not to be realized.

h) Share Capital

Share capital issued for monetary and non-monetary consideration is recorded at an amount based on fair market value.

i) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of options is charged to operations immediately or on the basis of the vesting period, which may be determined by the Board of Directors, with the offsetting credit to contributed surplus. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

3. Significant Accounting Policies *– Continued*

j) Impairment of Long-Lived Assets

Management reviews and evaluates the carrying value of its mineral properties and property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying amount of the related asset may not be recoverable. If the total estimated future operating cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired, it is written down to its estimated fair value.

k) Flow-Through Shares

The Company follows the recommendations of the Emerging Issues Committee, relating to flow-through shares. Under the terms of Canadian flow-through share legislation, the tax attributes of qualifying expenditures are renounced to subscribers. To recognize the foregone tax benefits, share capital is reduced and a future income tax liability is recognized as the related expenditures are renounced. To the extent available, this future income tax liability is then reduced by the recognition of previously unrecorded future income tax assets on unused tax losses and deductions.

l) Warrants

The fair value of warrants issued is estimated on the date of grant and the value is recorded as a separate component of equity.

m) Basic Loss per Share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. Since the Company has losses, fully diluted loss per share is not presented as the exercise of outstanding stock options and warrants would be anti-dilutive.

n) Management's Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant areas where management’s judgment is applied include asset and investment valuations, contingent liabilities including matters in litigation, tax provisions and future tax balances including valuation allowances in respect of future tax balances and accrued liabilities. Actual results could differ from these estimates.

3. Significant Accounting Policies – *Continued*

o) Financial Instruments – Recognition and Measurement

Section 3855 requires that all financial instruments are classified as one of the following: held-to-maturity investments, loans and receivables, available-for-sale, held-for-trading or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading are measured at amortized cost, using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits the designation of any financial instruments as held-for-trading upon initial recognition.

All derivative instruments, including certain embedded derivatives that are required to be separated from their host contracts, are recorded on the balance sheet at fair value and mark-to-market adjustments on these instruments are included in net income. The Company has no derivative instruments.

The following is a summary of the accounting model the Company elected to apply to each of its significant categories of financial instruments:

Cash and cash equivalents	Held-for-trading
Short-term investments	Held-for-trading
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

All other financial instruments are recorded at cost or amortized cost, subject to impairment assessments. Interest is calculated using the effective interest method.

Transaction costs incurred to acquire or issue financial instruments are included in the initial carrying amount of the relevant financial instrument.

Where a financial asset classified as held-to-maturity or available-for-sale has a loss in value which is considered to be other than temporary, the financial asset is written down to recognize the loss by a charge to earnings.

4. Short-term Investments

As at March 31, 2011, the Company has invested $442,500 into Guaranteed Investment Certificates (“GICs”) with a Canadian Financial Institution. These GICs are yielding interest at rates ranging from 0.90% to 1.15% and with maturity dates ranging from eight to twelve months. All short-term investments have been classified as held-for-trading. A summary of the details above is as follows:

	March 31, 2011	March 31, 2010
Guaranteed Investment Certificates	**$ 442,500**	$ 634,500

5. Property and Equipment

	March 31, 2011			March 31, 2010		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 43,563**	**$ (33,331)**	**$ 10,232**	$ 28,761	$ (20,825)	$ 7,936
Computer software	**33,045**	**(33,045)**	**-**	20,231	(20,231)	-
Office furniture and equipment	**7,589**	**(2,059)**	**5,530**	2,121	(676)	1,445
Project field equipment	**59,712**	**(28,014)**	**31,698**	56,758	(20,090)	36,668
	$ 143,909	**$ (96,449)**	**$ 47,460**	$ 107,871	$ (61,822)	$ 46,049

6. Resource Property Costs

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

	Maze Lake (*Note 6a*)	Grenville (*Note 6b*)	Van Horne (*Note 6c*)	New Klondike (*Note 6g*)	Sakoose West (*Note 6g*)	Thundercloud (*Note 6h*)	**Total**
Balance -March 31, 2009	$ 350,000	$ 80,000	$ 66,340	$ -	$ -	$ -	$ 496,340
Cash	-	-	65,000	1,000	-	-	66,000
Shares	-	-	29,150	-	-	-	29,150
Balance -March 31, 2010	350,000	80,000	160,490	1,000	-	-	591,490
Cash	-	-	79,000	1,000	8,000	-	88,000
Shares	-	-	30,750	-	-	142,500	173,250
Write-off	-	-	-	(2,000)	-	-	(2,000)
Balance - March 31, 2011	**$ 350,000**	**$ 80,000**	**$ 270,240**	**$ -**	**$ 8,000**	**$ 142,500**	**$ 850,740**

6. Resource Property Costs *– Continued*

a) Maze Lake Property, Nunavut

On January 29, 2009, the Company formed the unincorporated Maze Laze Joint Venture ("MLJV") with Terrane Metals Corp. ("Terrane"), which is now a subsidiary of Thompson Creek Metals Company Inc., pursuant to the Option and Joint Venture Agreement dated May 15, 2008. The MLJV is accounted for as a jointly controlled asset in accordance with Canadian GAAP. The Company records its proportionate share of assets, liabilities, revenue and operating costs of the joint venture. As at March 31, 2011, the Company's proportionate share of the assets of the MLJV is $2,585,620. 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 March 31, 2011.

In accordance with the MLJV, work programs will be agreed between the parties, provided that if one party does not contribute to a work program, straight line dilution will occur. The Company contributed capitalized mining acquisition and exploration costs ("Mining Interest") to the MLJV for an initial 51% interest and Terrane held the remaining 49%. As at March 31, 2011, Terrane's initial 49% interest in the MLJV has been diluted to 43% and the Company's participating interest increased to 57%. If either party's interest under the jointly controlled asset is reduced to 10% or less, that party's interest will revert to a royalty equal to 2% of Net Smelter Returns payable on the commencement of commercial production.

The related claims are subject to an underlying net profit royalty of 12%.

As of March 31, 2011, the MLJV has not yet commenced operations and the Company continues to act as the operator of the MLJV.

b) Grenville, Quebec

On August 9, 2007, the Company signed a joint venture agreement with Australian Mineral Fields Pty Ltd. ("Ausmin"), an Australian Company, to utilize Ausmin's expertise in the identification of exploration targets on specified exploration targets within the Grenville geological province of Quebec, Canada. The Company issued 250,000 (fair value - $87,500) common shares to Ausmin upon signing.

On January 23, 2009, the Company secured a 100% interest in its Grenville project through the termination of its joint venture agreement with Ausmin. Ausmin no longer has any interest in the mineral claims that were subject to the joint venture. In consideration for the termination of the joint venture agreement, the Company issued 1,000,000 common shares (fair value - $80,000).

6. Resource Property Costs – *Continued*

c) Van Horne, Ontario

On July 1, 2008, the Company signed seven option agreements to acquire a 100% interest in seven contiguous mining properties in the Eagle-Wabigoon-Manitou Lakes Greenstone Belt near Dryden, Ontario. These properties are also adjacent to claims acquired by the Company 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 seven properties under option by fulfilling the following optional terms, in aggregate, over a four 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 *(paid subsequent to year end)*
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 *(issued subsequent to year end – fair value $61,600)*
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 subsequent to year end)*
iv)	750,000	on or before June 1, 2012
	1,600,000	

6. Resource Property Costs – *Continued*

c) Van Horne, Ontario - *Continued*

The Company is also subject to making certain additional considerations prior to exercising the option to acquire 100% interest in the surface rights for four of the seven option agreements. The property optionors retain a 2% Net Smelter Royalty ("NSR") on each of the seven properties under option. The Company has the right to reduce the NSRs to 1% for six of the seven NSRs at a price of $1,000,000 each.

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 fulfill the following optional terms, in aggregate, over a three 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 *(paid subsequent to year end)*
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:

The Company's minimum expenditure requirement to maintain the adjacent option in good standing is to fulfill the aggregate $1,600,000 of exploration expenditures noted above relating to the seven option agreements entered into on July 1, 2008.

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

d) AngloGold Alliance

On April 29, 2009, the Company entered into a three 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.

In the first year 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 *(Note 6b).*

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

6. Resource Property Costs – *Continued*

d) AngloGold Alliance – *Continued*

In the third year of the Anglo Alliance, at AngloGold's option, AngloGold may fund additional exploration totaling $3,000,000 to follow-up on project results from the first and second years. Upon spending $5,400,000 in exploration over three years (the "Earn-In Period"), AngloGold will earn a 60% interest in each exploration project defined under the Anglo Alliance and the Company 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 three 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 the Company.

As at March 31, 2011, the Company received $3,209,970 in aggregate funding from Anglo and incurred $2,834,152, in aggregate, on exploration expenditures, As a result, the Company had restricted cash of $375,818 (2010 - $266,404) which must be spent on exploration relating to the AngloGold Alliance.

As operator of the Anglo Alliance, the Company is entitled to a management and administration fee equal to 10% of approved exploration expenditures with a program budget below $1,000,000. For approved exploration expenditures with a program budget of $1,000,000 or more, the Company's management and administration fee is reduced to 5%.

e) Uchi Alliance

On July 21, 2009, the Company entered into a one 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 the Company 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 *(Note 6f)*. 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 March 31, 2011, the Company had spent all of the $500,000 on exploration activities with respect to the Uchi Alliance resulting in restricted cash of $Nil (2010 - $118,860).

As operator of the Uchi Alliance, the Company is entitled to a management and administration fee equal to 10% of the approved exploration expenditures.

6. Resource Property Costs *– Continued*

f) Goldpines North Joint Venture

On March 25, 2010, the Company and Kinross signed a joint venture agreement to form the unincorporated Goldpines North Joint Venture ("GPNJV") which is the first joint venture to arise from the Uchi Alliance entered into on July 21, 2009 *(Note 6e)*.

The GPNJV is accounted for as a jointly controlled asset in accordance with Canadian GAAP, with Kinross currently holding a 50% participating interest in the GPNJV and the Company 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 two years from the commencement of the GPNJV, with a minimum expenditure requirement of $500,000 in the first year *(Note 12c)*.

At any time during the Additional Earn-In Period, Kinross may elect to terminate its Earn-In Option upon delivery to the Company 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 the parties and the Company 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 the Company'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 March 31, 2011.

As operator of the GPNJV, the Company is entitled to a management and administration fee equal to 10% of the approved exploration expenditures. In accordance with the joint venture agreement, upon Kinross exercising its option under the Additional Earn-In Period, the Company's management and administration fee will be 2% while in the exploration phase, 3% while in the major construction phase and 5% while in the mining phase.

As at March 31, 2011, the Company received $1,845,154 in aggregate funding from Kinross and incurred $1,582,577, in aggregate, on exploration expenditures, As a result, the Company had restricted cash of $262,577 (2010 - $Nil) which must be spent on exploration relating to the GPNJV and a cash call receivable of $Nil (2010 - $23,900). The cash call receivable was a result of the Company spending its own funds for initial stage field work on the GPNJV.

6. Resource Property Costs *– Continued*

g) Other Properties, Canada

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 the Company 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.

Subsequent to March 31, 2011, the Company terminated its option to acquire a 100% interest in the patents and accordingly, wrote-off $2,000 of acquisition costs incurred as of March 31, 2011 which was included in general exploration.

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 consideration to be paid by the Company is as a cash payment of $8,000 on or before August 27, 2011 *(paid)* and incur minimum expenditures of $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.

Hickson Property

During the year, the Company staked mineral claims over an intrusive complex in northern Saskatchewan. The claims, collectively known as the Hickson Property, comprise of 31 contiguous blocks near La Ronge, Saskatchewan. During the year, the Company incurred $203,090 in exploration expenditures in this property.

6. Resource Property Costs – *Continued*

h) Thundercloud, Ontario

On January 7, 2011, the Company entered into an option agreement with Teck Resources Ltd. (“Teck”) to acquire 100% of Teck’s interest in the Thundercloud gold property. The Company may earn the 100% interest in the Thundercloud Property by fulfilling the following optional terms:

Common shares:

i)	500,000	within five business days of TSX Venture Exchange approval *(issued – fair value $142,500)*
ii)	500,000	on or before December 31, 2011
iii)	1,000,000	Within 65 days of notifying Teck that it has completed the $6,000,000 of minimum exploration expenditures
	2,000,000	

Minimum expenditures:

i)	1,500,000	on or before December 31, 2011 *(incurred - $110,929)**
ii)	2,000,000	on or before December 31, 2012
iii)	2,500,000	on or before December 31, 2013
	6,000,000	

* If the Company fails to incur $1,000,000 on or before December 31, 2011, the Company will pay Teck, by January 15, 2012, an amount equivalent to the shortfall of the actual expenditures incurred plus interest from December 31, 2011 with a rate of prime plus 4%, calculated monthly, until paid; provided that if the payment is made by January 15, 2012, the interest will be forgiven.

In accordance with the option agreement, the Company charges an administrative services fee equal to 10% of the Company’s total exploration expenditures which forms part of the minimum expenditures requirement.

At any time up to 60 days after the Company earning its 100% interest, Teck may elect to back-in to a 60% interest in the Thundercloud project by incurring and solely funding three times the exploration expenditures incurred by the Company, prior to Teck giving notice of its intention to back-in, to a maximum of $18,000,000. These expenditures must be incurred by Teck within four years of delivery of the back-in notice. Upon notification of Teck’s intent to back-in, the Company’s obligation to issue the 1,000,000 vesting shares, described above, shall terminate.

The Thundercloud Property is subject to net smelter return royalties of 2.0% to 2.5%. At any time prior to the fifth anniversary of the development of any mine on the property, 1% of the NSR may be repurchased by the Company from the underlying prospectors for $1,000,000. In accordance with the option agreement, Teck, for its own benefit, reserves the right to purchase the underlying royalties from the underlying prospectors.

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
Common shares issued	12,991,504	957,524
Flow-through shares issued	6,657,552	885,763
Share issuance costs	-	(159,838)
Issued during the year – property payments - *(Note 6c)*	165,000	29,150
Fair value of compensation options issued	-	(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 - *(Notes 6c and 6h)*	705,000	173,250
Common shares issued - *(Note 7b)*	11,786,889	2,212,618
Common shares issued - Finder's Fee - *(Note 7b)*	110,900	13,338
Share issuance costs - Finder's Fee - *(Note 7b)*	-	(19,962)
Share issuance costs	-	(312,232)
Stock options exercised - *(Note 7d)*	450,000	76,500
Fair value of stock options exercised - *(Note 7f)*	-	71,061
Exercise of compensation options - *(Note 7b)*	308,125	55,463
Fair value of compensation options exercised - *(Note 7b)*	-	40,772
Exercise of warrants - *(Note 7c)*	503,510	125,877
Fair value of warrants exercised	-	30,074
Balance – March 31, 2011	**55,794,199**	**$ 8,852,962**

b) Private Placements

For fiscal year ending March 31, 2011

Private Placement March 2011

On March 7, 2011, the Company closed a non-brokered private placement of 8,863,334 units at a price of $0.30 per unit for aggregate gross proceeds of $2,659,000. Each unit comprises of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for up to 24 months after the date of issuance at a price of $0.45 in the first 12 month period and at a price of $0.55 thereafter. The warrants are subject to an acceleration clause, whereby, if the closing price of the Company's shares on the TSX Venture Exchange stays at a price more than $0.15 above the exercise price of the warrants for a period of 10 consecutive trading days beginning on or after July 8, 2011, the Company has the right to accelerate the expiry date of the warrants on 20 days notice. The warrants attached to this issuance have been valued at $740,452 ($797,999 net of warrant issuance costs of $57,547) based on the Black-Scholes Method using the assumptions noted below:

7. Share Capital – *Continued*

b) Private Placements – *Continued*

Private Placement March 2011 - Continued

Assumptions	
Risk-free interest rate	1.64%
Expected stock price volatility	133%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this private placement, the Company issued 592,433 finders' warrants as finders' fee. Each finder's warrant is exercisable to purchase one common share of the Company for up to 24 months after the date of issuance at a price of $0.30 per share. The Company has recorded the fair value of these finders' fee as share issuance costs. The finders' warrants have been valued at $178,029 based on the Black-Scholes Method using the same assumptions as the warrants pertaining to the March 2011 private placement noted above. Finders' fees of $177,730 were paid in cash.

Private Placement November 2010

On November 15, 2010, the Company closed a non-brokered private placement of 2,923,555 units at a price of $0.18 per unit for aggregate gross proceeds of $526,240. Each unit comprises of one common share and one common share purchase warrant, each warrant exercisable to purchase one additional common share for a period of one year from the date of issuance at a price of $0.25 per share. The warrants attached to this issuance have been valued at $174,623 based upon the Black-Scholes Method using the assumptions noted below:

Assumptions	
Risk-free interest rate	1.43%
Expected stock price volatility	99%
Expected dividend yield	0.00%
Expected life of warrants	1 year

In connection with this private placement the Company issued 110,900 units at a price of $0.18 per unit as a finder's fee. Each unit comprises of one common share and one common share purchase warrant, each warrant exercisable to purchase one additional common share for a period of one year from the date of issuance at a price of $0.25 per share. The Company has recorded the fair value of this finder's fee as share issuance costs. The warrants attached to this finder's fee have been valued at $6,624 based upon the Black-Scholes Method using the same assumptions as the warrants pertaining to the November 2010 private placement noted above.

7. Share Capital *– Continued*

b) Private Placements *– Continued*

For fiscal year ending March 31, 2010

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 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

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 same assumptions pertaining to the August 2009 private placement noted above. Finder’s fees of $51,000 were paid in cash.

During the year ended March 31, 2011, 308,125 of these compensation options were exercised for proceeds of $55,463 *(Note 7a)*. The fair value of these compensation options reclassified from contributed surplus to share capital and to share purchase warrants were $40,772 and $18,840, respectively *(Note 7f)*.

7. Share Capital *– Continued*

b) Private Placements *– Continued*

For fiscal year ending March 31, 2010 *– Continued*

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 on the Black-Scholes Method using the 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

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 on the Black-Scholes Method using the same assumptions pertaining to the July 2009 private placement noted above. Finder's fees of $80,000 were paid in cash.

Private Placement June 2009

On June 16, 2009, the Company closed a non-brokered private placement of 4,444,444 units at a price of $0.09 per unit for gross proceeds of $400,000. Each unit consists of one common share and one common share purchase warrant, each warrant being exercisable to purchase one additional common share of the Company 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 assumptions noted below:

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

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
Issued	8,212,618	$0.40
Exercised	(503,510)	$0.25
Expired (1)	(3,833,286)	$0.57
March 31, 2011	**24,029,386**	**$0.34**

(1) On May 15, 2010, 3,833,286 warrants (fair value - $807,047, net of warrant issue costs of $50,781) expired without exercise.

At March 31, 2011, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
June 16, 2011 *(Note 12b)*	$0.18	4,444,444	$ 176,482
July 2, 2011(1)	$0.35	2,777,774	262,301
August 7, 2011	$0.35	9,252,123	617,188
November 15, 2011	$0.25	2,530,945	151,172
March 3, 2013	$0.55	4,431,667	740,452
March 3, 2013	$0.30	592,433	178,029
Weighted Average	**$0.34**	**24,029,386**	**$ 2,125,624**

(1) Subsequent to the year end, 2,777,774 warrants (fair value - $262,301, net of warrant issue costs of $27,600) expired without exercise.

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*

Fiscal year ended March 31, 2011 - Grants

i. On March 11, 2011, the Company granted 500,000 incentive stock options to a director and officer of the Company. The options are exercisable at $0.35 per share and will expire on March 11, 2016. The fair value of these options was $158,511 of which $13,209 was recognized as stock-based compensation expense during the year ended March 31, 2011. The corresponding stock-based compensation expense has a weighted average fair value of $0.32 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	2.36%
Expected stock price volatility	141%
Expected dividend yield	0.00%
Expected life of options	5 years

ii. On January 21, 2011, the Company granted 2,000,000 incentive stock options to certain directors, officers, employees and consultants. The options are exercisable at $0.40 per share and will expire on January 21, 2016. The fair value of these options was $620,825 of which $585,903 was recognized as stock-based compensation expense during the year ended March 31, 2011. The corresponding stock-based compensation expense has a weighted average fair value of $0.31 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	2.23%
Expected stock price volatility	142%
Expected dividend yield	0.00%
Expected life of options	5 years

Fiscal year ended March 31, 2010 - Grants

i. On August 11, 2009, the Company granted 1,935,000 incentive stock options to certain directors, officers, employees and consultants. The options are exercisable at $0.17 per share and will expire on August 11, 2014. The corresponding stock-based compensation expense was $305,564 with a weighted average fair value of $0.16 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	2.49%
Expected stock price volatility	159%
Expected dividend yield	0.00%
Expected life of options	5 years

7. Share Capital – *Continued*

d) Stock Options – *Continued*

Fiscal year ended March 31, 2010 – Grants – *Continued*

ii. On February 1, 2010, the Company granted 200,000 incentive stock options to a director of the Company. The options are exercisable at $0.17 per share and will expire on February 1, 2015. The corresponding stock-based compensation expense was $25,370 with a weighted average fair value of $0.13 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	2.21%
Expected stock price volatility	152%
Expected dividend yield	0.00%
Expected life of options	5 years

Details of issued and outstanding stock options are as follows:

	Number of Options	Weighted Average Exercise Price
March 31, 2009	593,183	$0.44
Granted	2,135,000	$0.17
Cancelled	(237,272)	$0.43
March 31, 2010	2,490,911	$0.21
Granted	2,500,000	$0.39
Exercised	(450,000)	$0.17
March 31, 2011	**4,540,911**	**$0.31**

At March 31, 2011, 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(1)	0.07
November 30, 2012	$0.44	340,911(2)	1.67
August 11, 2014	$0.17	1,475,000	3.37
February 1, 2015	$0.17	200,000	3.84
January 21, 2016	$0.40	2,000,000(3)	4.81
March 11, 2016	$0.35	500,000	4.95
	$0.31	**4,540,911**	**4.05**

(1) Subsequent to year end, 25,000 options expired without exercise.
(2) Subsequent to year end, 90,909 options were cancelled.
(3) Subsequent to year end, 350,000 options were cancelled.

7. Share Capital – *Continued*

e) Flow-Through Shares

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 were used for qualifying exploration expenditures and were renounced to the flow-through shareholders effective December 31, 2009. The future income tax liability is 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 March 31, 2010 had been eliminated *(Note 11b)* resulting in a full recovery of $297,925 *(Note 11a)*. The unspent balance of this flow-through issuance at March 31, 2010 of $263,030 was spent by December 31, 2010.

There were no flow-through common shares issued during the year ended March 31, 2011.

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		330,934
Fair value of compensation options issued		234,821
Balance – March 31, 2010		755,904
Fair value of expired of warrants *(Note 7c)*		807,047
Fair value of stock-based compensation on options vested *(Notes 7d)*		599,112
Fair value of stock-based compensation on options exercised *(Note 7a)*		(71,061)
Fair value of compensation options exercised *(Note 7b)*		(59,612)
Balance – March 31, 2011	**$**	**2,031,390**

g) Escrow Shares

As at March 31, 2011, 565,785 (March 31, 2010 – 1,697,354) shares are held in escrow. These common shares are 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. Related Party Transactions

During the year, the Company paid consulting fees of $15,583 (2010 - $Nil) to the President and CEO; $Nil (2010 - $10,000) to the Company's former President and CEO, $31,200 (2010 - $35,500) to its former Chief Financial Officer; $60,000 (2010 - $60,000) to a Director of the Company; $15,000 (2010 - $Nil) to another Director of the Company; and $7,000 (2010 - $8,400) to a former 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.

9. 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.

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 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 2.

9. Capital Management *- Continued*

There were no changes in the Company's approach to capital management during the year ended March 31, 2011 compared to the year ended March 31, 2010. The Company is not subject to externally imposed capital requirements.

10. 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 has been designated as loans and receivables, which are initially recorded at fair value, net of transaction costs incurred, and subsequently measured 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.

As of March 31, 2011, 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 the carrying amounts of each classification of financial instruments as at March 31, 2011:

	March 31, 2011	March 31, 2010
Held-for-trading	**$ 3,258,471**	$ 1,424,494
Loans and receivables	**$ 144,094**	$ 24,045
Other financial liabilities	**$ 429,543**	$ 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.

10. Financial Instruments – *Continued*

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 amounts receivable. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

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 Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

Amounts receivable primarily consists of Harmonized Sales Tax ("HST") receivable (formerly Goods and Services Tax) and other receivables. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its HST receivable and receivables from other debtors.

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 March 31, 2011, the Company had cash and cash equivalents of $2,815,971 (March 31, 2010 - $766,094) and restricted cash of $638,395 (March 31, 2010 - $385,264) to settle current liabilities of $1,067,938 (March 31, 2010 - $462,476) and flow-through commitments of $Nil (March 31, 2010 - $263,060). Further information relating to liquidity risk is disclosed in Note 2.

11. Income Taxes

a) The income tax provision for the year differs from the amount obtained by applying the statutory Canadian federal and provincial income tax rates as follows:

	For the year ended March 31, 2010	For the year ended March 31, 2010
Loss before income taxes	**$ (2,103,500)**	$ (2,129,174)
Statutory Canadian federal and provincial tax rates	**26.50%**	28.50%
Expected tax recovery	**(557,428)**	(606,815)
Adjustments:		
Stock-based compensation	**158,765**	94,316
Other	**(46,457)**	49,803
Statutory tax rate difference	**(28,412)**	(26,823)
Change in valuation allowance	**473,532**	191,594
Income tax expense (recovery)	**$ -**	$ (297,925)

b) The components of the future income tax asset (liability) balances are as follows:

	March 31, 2010	March 31, 2010
Future income tax asset (liability):		
Non-capital loss carry-forwards	**$ 810,313**	$ 593,099
Share issuance costs	**125,892**	74,304
Other	**24,112**	15,456
Resource property costs – tax basis in excess of book value	**307,703**	111,629
Valuation Allowance	**(1,268,020)**	(794,488)
Future income tax asset (liability)	**$ -**	$ -

The effective income tax rate is the rate that is estimated to be applicable when timing differences reverse. As at March 31, 2011, the future enacted rate is estimated to be 25% (2010 – 25%).

c) The Company has non-capital losses which may be applied to reduce future year's taxable income. As at March 31, 2011, these amounted to $3,241,250 (March 31, 2010 – $2,372,396). Of these non-capital losses, $23,287 will expire in 2025, $60,040 will expire in 2026, $584,581 will expire in 2027, $813,187 will expire in 2028, $891,301 will expire in 2029 and the remaining $868,854 will expire in 2030.

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12. Subsequent Events

Subsequent events other than those disclosed elsewhere in these financial statements are:

a) On May 24, 2011, the Company signed an option agreement to acquire a 100% interest in six contiguous claims located in the Belcourt Township of Quebec, Canada. To earn a 100% interest, the Company shall fulfill the following optional terms, in aggregate, over a period of three years: \$175,000 (\$25,000 paid) in cash payments; issuance of 175,000 (25,000 issued) common shares of the Company and incur total exploration expenditures of \$400,000. The option agreement is subject to a net smelter royalty (“NSR”) of 2% and the Company, at its sole discretion, reserves the right to purchase 50% (or 1%) of the NSR for \$1,000,000.

b) Subsequent to the year ended March 31, 2011, 4,444,444 warrants with an exercise price of \$0.18 and 555,500 compensation options with an exercise price of \$0.18 were exercised for gross proceeds of \$800,000 and \$99,990, respectively.

c) On July 13, 2011, Kinross exercised its option to earn an additional 25% interest in the GPNJV, thus increasing its interest to 75%, as it has incurred the minimum \$1,500,000 in exploration expenditures within two years from the commencement of the GPNJV.
