LAURENTIAN GOLDFIELDS LTD.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

(Stated in Canadian Dollars)

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 statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the statements of loss and comprehensive loss, cash flows and changes in equity for the years ended March 31, 2012 and March 31, 2011, 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 International Financial Reporting Standards, 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 audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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, 2012, March 31, 2011 and April 1, 2010 and its financial performance and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 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
Vancouver, British Columbia
June 21, 2012

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Laurentian Goldfields Ltd.

(An Exploration Stage Company)

Statements of Financial Position

(Stated in Canadian Dollars)

	As at March 31, 2012	(Note 6) As at March 31, 2011	(Note 6) As at April 1, 2010
ASSETS			
Current assets			
Cash	**$ 317,489**	$ 2,815,971	$ 766,094
Restricted cash *(Notes 9h and 9i)*	**108,532**	638,395	385,264
Cash call receivable	**-**	-	23,900
Short-term investments *(Note 7)*	**92,500**	442,500	634,500
Amounts receivable *(Note 9b)*	**281,580**	144,094	24,045
Prepaid expenses	**26,457**	87,688	29,853
	826,558	4,128,648	1,863,656
Non-current assets			
Property and equipment *(Note 8)*	**35,650**	47,460	46,049
Exploration and evaluation assets *(Note 9a)*	**984,090**	850,740	591,490
Total Assets	**$ 1,846,298**	$ 5,026,848	$ 2,501,195
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**$ 74,878**	$ 429,543	$ 77,212
Mineral property funding obligations *(Notes 9h and 9i)*	**108,532**	638,395	385,264
Total Liabilities	**183,410**	1,067,938	462,476
Equity			
Share capital *(Note 10a)*	**11,217,385**	9,938,049	7,471,290
Share-based payments reserve	**4,067,467**	4,166,865	2,600,082
Accumulated deficit	**(13,621,964)**	(10,146,004)	(8,032,653)
Total Equity	**1,662,888**	3,958,910	2,038,719
Total Liabilities and Equity	**$ 1,846,298**	$ 5,026,848	$ 2,501,195

Nature of Operations and Going Concern *(Note 1)*

Subsequent Events *(Note 16)*

ON BEHALF OF THE BOARD:

*"Darin Labrenz"*________________, Director

*"Brian P. Fowler"*________________, Director

- See Accompanying Notes to the Financial Statements -

Laurentian Goldfields Ltd.

(An Exploration Stage Company)

Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

				(Note 6)
		For the year ended March 31, 2012		For the year ended March 31, 2011
Expenses				
Amortization	$	**37,779**	$	34,627
Corporate listing and filing fees		**28,297**		37,487
Exploration and evaluation expenditures *(Note 9b)*		**2,143,847**		784,296
Office		**107,297**		141,063
Investor relations		**98,761**		65,616
Travel		**70,505**		84,166
Rent		**60,929**		53,128
Professional fees		**173,502**		47,109
Share-based compensation expense *(Note 10d)*		**170,373**		608,963
Wages and consulting fees		**611,300**		696,435
Loss from operations		**(3,502,590)**		(2,552,890)
Other Income (Expenses)				
Write-off of exploration and evaluation assets *(Notes 9d and 9j)*		**(88,000)**		(2,000)
Interest income		**4,599**		3,591
Interest expense		**-**		(3,898)
Management and administration fee		**110,031**		441,846
Total Other Income (Expenses)		**26,630**		439,539
Net Loss and Comprehensive Loss for the Year	$	**(3,475,960)**	$	(2,113,351)
Weighted Average Number of Common Shares Outstanding		**60,365,809**		44,202,034
Basic and Diluted Loss per Common Share	$	**(0.06)**	$	(0.05)

- See Accompanying Notes to the Financial Statements -

Laurentian Goldfields Ltd.
(An Exploration Stage Company)
Statements of Cash Flows
(Stated in Canadian Dollars)

		For the year ended March 31, 2012		For the year ended March 31, 2011
Cash Flows from (used in) Operating Activities				
Net loss for the year	$	**(3,475,960)**	$	(2,113,351)
Items not affected by cash:				
Amortization		**37,779**		34,627
Share-based compensation expense		**170,373**		608,963
Write-down of exploration and evaluation assets		**88,000**		2,000
		(3,179,808)		(1,467,761)
Changes in non-cash working capital:				
Amounts receivable		**(137,486)**		(120,049)
Prepaid expenses		**61,231**		(57,835)
Accounts payable and accrued liabilities		**(354,665)**		352,330
		(3,610,728)		(1,293,315)
Cash Flows from (used in) Investing Activities				
Cash call receivable		**-**		23,900
Short-term investments		**350,000**		192,000
Additions to property and equipment		**(25,969)**		(36,038)
Additions to exploration and evaluation assets		**(118,750)**		(88,000)
		205,281		91,862
Cash Flows from Financing Activities				
Issuance of shares for cash, net of issue costs		**-**		2,993,490
Proceeds from exercise of incentive stock options and compensation options		**106,965**		131,963
Proceeds from exercise of warrants		**800,000**		125,877
		906,965		3,251,330
Net (Decrease) Increase in Cash		**(2,498,482)**		2,049,877
Cash - Beginning of the Year		**2,815,971**		766,094
Cash - End of the Year	$	**317,489**	$	2,815,971

Supplemental Schedule of Non-Cash Investing Activities

Issuance of shares for exploration and evaluation assets	$	**102,600**	$	173,250

- See Accompanying Notes to the Financial Statements -

Laurentian Goldfields Ltd.

(An Exploration Stage Company)

Statements of Changes in Equity

(Stated in Canadian Dollars)

	Number of Shares		Share Capital		Share-Based Payments Reserve		Accumulated Deficit		Total
Balance – April 1, 2010	41,929,775	$	7,471,290	$	2,600,082	$	(8,032,653)	$	2,038,719
Shares issued for exploration and evaluation assets	705,000		173,250		-		-		173,250
Common shares issued	11,786,889		3,185,240		-		-		3,185,240
Fair value of warrants issued	-		(972,622)		972,622		-		-
Share issuance costs – finder's fee	110,900		(6,624)		6,624		-		-
Share issuance costs – cash	-		(191,751)		-		-		(191,751)
Share issuance costs – warrants	-		(120,481)		120,481		-		-
Stock options exercised	450,000		76,500		-		-		76,500
Fair value of stock options exercised	-		71,061		(71,061)		-		-
Compensation options exercised	308,125		55,463		-		-		55,463
Fair value of compensation options exercised	-		40,772		(40,772)		-		-
Warrants exercised	503,510		125,877		-		-		125,877
Fair value of warrants exercised	-		30,074		(30,074)		-		-
Share-based compensation expense	-		-		608,963		-		608,963
Net loss for the year	-		-		-		(2,113,351)		(2,113,351)
Balance – March 31, 2011	55,794,199		9,938,049		4,166,865		(10,146,004)		3,958,910
Shares issued for exploration and evaluation assets	745,000		102,600		-		-		102,600
Compensation options exercised	594,250		106,965		-		-		106,965
Fair value of compensation options exercised	-		93,289		(93,289)		-		-
Warrants exercised	4,444,444		800,000		-		-		800,000
Fair value of warrants exercised	-		176,482		(176,482)		-		-
Share-based compensation expense	-		-		170,373		-		170,373
Net loss for the year	-		-		-		(3,475,960)		(3,475,960)
Balance – March 31, 2012	**61,577,893**	**$**	**11,217,385**	**$**	**4,067,467**	**$**	**(13,621,964)**	**$**	**1,662,888**

- See Accompanying Notes to the Financial Statements -

1. Nature of Operations and Going Concern

Laurentian Goldfields Ltd. (the "Company" or "Laurentian") is an exploration stage enterprise focusing on the acquisition, exploration and development of economic gold and other precious and base metal properties. Currently, the Company's principal mineral property is the Van Horne Property located near Dryden, Ontario. The Company also currently has an unincorporated joint venture with Kinross Gold Corporation ("Kinross"), whereby a portion of the Company's exploration and evaluation activities are conducted with Kinross, and accordingly, the financial statements reflect only the Company's proportionate interest in such activities. Laurentian is a publicly listed company incorporated under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol "LGF." The Company's head office, principal address and records office is located at Suite 520-800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered office address is 10th floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

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 $13,621,964 at March 31, 2012. The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses, and meet minimum expenditure requirements *(Note 9f)*. 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 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. Basis of Presentation and Adoption of International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, which requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These financial statements have been prepared in accordance with IFRS as issued by the IASB. Subject to certain transition elections disclosed in Note 6, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at April 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 6 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended March 31, 2011 prepared under Canadian GAAP. These financial statements were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on June 21, 2012.

3. Summary of Significant Accounting Policies

a. Basis of Measurement

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these financial statements is cost, net realizable value, fair value or recoverable amount. These financial statements, except for the statement of cash flows, are based on the accrual basis.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with an original term to maturity of three months or less.

As at March 31, 2012, the Company only held cash.

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. Property and Equipment

Property and equipment is recorded at cost less accumulated 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 %

e. Exploration and Evaluation Assets

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

3. Summary of Significant Accounting Policies - *Continued*

f. Impairment of Non-Current Assets

At each reporting date, non-current assets are evaluated by management for indicators that the carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in the statement of loss to the extent that the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves and resources, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and resources and expected future production revenues and expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

Management estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects *(Note 5)*.

g. Jointly Controlled Assets

Certain of the Company's mineral properties are the subject of agreements which specify proportionate interests. Accordingly, the Company's proportionate share of assets, liabilities, costs and expenditures relating to these agreements have been recorded in the accounts of the Company.

3. Summary of Significant Accounting Policies - *Continued*

h. Restoration Provision

The Company records a liability based on the best estimate of costs for restoration activities that the Company is legally or constructively required to remediate and recognizes the liability when those obligations result from the acquisition, construction, development or normal operations of assets. Restoration provisions are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax market-based discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for the passage of time and adjusted for changes to the current pre-tax market-based risk-free discount rate, and the amount of or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized as part of the carrying amount of the related non-current asset and amortized into income on a systematic basis over the expected useful life of the asset.

At March 31, 2012, no restoration provision has been recognized as none of the Company's properties are estimated to require any remediation or other expenditures upon their retirement.

i. Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j. Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

3. Summary of Significant Accounting Policies - *Continued*

k. Share Capital

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. The fair value of common shares issued as consideration for mineral properties is based on the trading price of those shares on the TSX-V on the date the shares are issued as determined by the Board of Directors. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value.

l. Loss per Share

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the statement of loss and comprehensive loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

m. Flow-Through Shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from the issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized in other liabilities for this difference. The liability is reduced and the reduction of premium liability is recorded in deferred tax recovery as eligible expenditures are incurred.

n. Resource Tax Credits ("RTC")

The Company recognizes RTC amounts when the Company's RTC application is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured.

o. Financial Instruments

(i) Financial Assets - The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. The Company does not have financial assets classified under this category.

3. Summary of Significant Accounting Policies - *Continued*

o. Financial Instruments - *Continued*

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Cash, restricted cash, short-term investments and amounts receivable (excluding sales tax receivable and resource tax credits) have been classified under this category.

Available-For-Sale

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in fair value are recognized in other comprehensive income (loss) and classified as a component of equity. When the financial assets are sold or an impairment write-down is required, the accumulated fair value adjustments in other comprehensive income are included in the statement of income (loss) and are included in other gains or losses. The Company does not have financial assets classified under this category.

(ii) Financial Liabilities - The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities and derivative financial liabilities.

Borrowings and Other Financial Liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transactions costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of earnings (loss) over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities have been classified under this category.

Derivative Financial Liabilities

Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss. There are no financial liabilities classified under this category.

p. Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

3. Summary of Significant Accounting Policies - *Continued*

p. Impairment of Financial Assets - *Continued*

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of earnings (loss). This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net income. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

4. Recent IFRS Pronouncements

a. Financial Instruments

In November 2009, the IASB issued IFRS 9, Financial Instruments, which addresses the classification and measurement of financial assets as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. Requirements for financial liabilities were added in October 2010. IFRS 9 must be applied for accounting periods commencing on or after January 1, 2015, with early adoption permitted. The Company has not early adopted IFRS 9 and is currently assessing the impact of this standard on its financial statements.

b. Fair Value Measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement. This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual period in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application. The Company has not early adopted IFRS 13 and is currently assessing the expected impact of this standard on its financial statements.

c. Joint Arrangements

Effective for years beginning on or after January 1, 2013, IFRS 11 – Joint Arrangements ("IFRS 11") replaces IAS 31 – Interests in Joint Ventures ("IAS 31"). IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. The Company is currently evaluating the impact of IFRS 11 on its financial statements.

4. Recent IFRS Pronouncements - *Continued*

d. Other IFRS Pronouncements

Other recent IFRS pronouncements which will be effective for years beginning on or after January 1, 2013 include: IFRS 10 – Consolidated Financial Statements and IFRS 12 – Disclosure of Interests in Other Entities. The Company does not expect that the introduction of IFRS 10 and 12 will have a material impact on its financial statements.

5. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in these financial statements.

Carrying value of deferred mineral interests

The Company has capitalized the cost of acquiring mineral property interests and has classified these interests as exploration and evaluation assets in its statement of financial position. Exploration and evaluation assets are expensed in the period in which the Company determines that the mineral property interests have no future economic value. Exploration and evaluation assets may also be written down if future cash flow, including potential sales proceeds and option payments, related to the property are estimated to be less than the carrying value of the property.

The Company reviews the carrying value of its exploration and evaluation assets periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, reductions in the carrying value of each property would be recorded to the extent that the carrying value of the investment exceeds the property's estimated recoverable amount. Such events or changes in circumstances involve changes in political risk, economic risk, commodity prices, exchange rates, and interest rates among others.

The Company has determined that there are no indicators which would lead management to conclude that the carrying values of the Maze Lake, Van Horne and Thundercloud properties are impaired.

Deferred income taxes

The Company accounts for tax consequences of the differences in the carrying amounts of assets and liabilities and their tax bases using tax rates expected to apply when these temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being probable to occur, no deferred income tax asset is recognized.

The Company has not recognized any tax assets.

6. First-time Adoption of IFRS

The effect of the Company's transition to IFRS, described in Note 2, is summarized in this note as follows:

a. Mandatory Exemptions and Transition Elections

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on the Company's transition date of April 1, 2010 (the "Transition Date"), with the application of certain mandatory exemptions and also certain voluntary elections on transition to IFRS. The mandatory exemption applicable to and the transition election the Company has chosen, respectively, are as follows:

(i) Under IFRS 1, there are four mandatory exemptions from full retrospective application of IFRS. Of these, the only applicable election relates to estimates. An entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error.

The Company's IFRS estimates as at April 1, 2010 are consistent with its previous estimates under Canadian GAAP for the same date.

(ii) Share-based payments – IFRS 1 provides the option to not apply IFRS 2, Share-based Payments, to equity instruments granted after November 7, 2002 and vested before the Transition Date.

The Company has elected to take the exemption and, as a result, was only required to recalculate the impact on any share-based payments that had not vested at the Transition Date.

b. Reconciliation of Previously Reported Financial Statements

Reconciliations of the IFRS adjustments on transition are included in these following Statements of Financial Position and Statement of Loss and Comprehensive Loss for the dates noted below.

- Transitional Statement of Financial Position Reconciliation – April 1, 2010
- Statement of Financial Position Reconciliation – March 31, 2011
- Statement of Loss and Comprehensive Loss – Year Ended March 31, 2011

The effects of transition from Canadian GAAP to IFRS on the Statement of Cash Flows are immaterial. Therefore, a reconciliation of the Statement of Cash Flows has not been presented.

6. First-time Adoption of IFRS - *Continued*

b. Reconciliation of Previously Reported Financial Statements – *Continued*

The April 1, 2010 Canadian GAAP Statement of Financial Position has been reconciled to IFRS as follows:

		April 1, 2010		
	Note	Canadian GAAP	Effect of Transition to IFRS	IFRS
ASSETS				
Current assets				
Cash		$ 766,094	$ -	$ 766,094
Restricted cash		385,264	-	385,264
Cash call receivable		23,900	-	23,900
Short-term investments		634,500	-	634,500
Amounts receivable		24,045	-	24,045
Prepaid expenses		29,853	-	29,853
		1,863,656	-	1,863,656
Non-current assets				
Property and equipment		46,049	-	46,049
Exploration and evaluation assets		591,490	-	591,490
Total Assets		$ 2,501,195	$ -	$ 2,501,195
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$ 77,212	$ -	$ 77,212
Mineral property funding obligations		385,264	-	385,264
Total Liabilities		462,476	-	462,476
Equity				
Share capital	6(b)(i)	6,386,203	1,085,087	7,471,290
Share-based payments reserve *		2,600,082	-	2,600,082
Accumulated deficit	6(b)(i)	(6,947,566)	(1,085,087)	(8,032,653)
Total Equity		2,038,719	-	2,038,719
Total Liabilities and Equity		$ 2,501,195	$ -	$ 2,501,195

* Under Canadian GAAP, share-based payments reserve consisted of contributed surplus of $755,904 and share purchase warrants of $1,844,178.

6. First-time Adoption of IFRS - *Continued*

b. Reconciliation of Previously Reported Financial Statements – *Continued*

The March 31, 2011 Canadian GAAP Statement of Financial Position has been reconciled to IFRS as follows:

		March 31, 2011		
	Note	**Canadian GAAP**	**Effect of Transition to IFRS**	**IFRS**
ASSETS				
Current assets				
Cash		$ 2,815,971	$ -	$ 2,815,971
Restricted cash		638,395	-	638,395
Cash call receivable		-	-	-
Short-term investments		442,500	-	442,500
Amounts receivable		144,094	-	144,094
Prepaid expenses		87,688	-	87,688
		4,128,648	-	4,128,648
Non-current assets				
Property and equipment		47,460	-	47,460
Exploration and evaluation assets		850,740	-	850,740
Total Assets		$ 5,026,848	$ -	$ 5,026,848
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$ 429,543	$ -	$ 429,543
Mineral property funding obligations		638,395	-	638,395
Total Liabilities		1,067,938	-	1,067,938
Equity				
Share capital	6(b)(i)	8,852,962	1,085,087	9,938,049
Share-based payments reserve *	6(b)(ii)	4,157,014	9,851	4,166,865
Accumulated deficit	6(b)(i) – (ii)	(9,051,066)	(1,094,938)	(10,146,004)
Total Equity		3,958,910	-	3,958,910
Total Liabilities and Equity		$ 5,026,848	$ -	$ 5,026,848

* Under Canadian GAAP, share-based payments reserve consisted of contributed surplus of $2,031,390 and share purchase warrants of $2,125,624.

6. First-time Adoption of IFRS - *Continued*

b. Reconciliation of Previously Reported Financial Statements – *Continued*

The Canadian GAAP Statement of Loss and Comprehensive Loss for the year ended March 31, 2011 has been reconciled to IFRS as follows:

		March 31, 2011		
	Note	Canadian GAAP	Effect of Transition to IFRS	IFRS
Expenses				
Amortization		$ 34,627	$ -	$ 34,627
Corporate listing and filing fees		37,487	-	37,487
Exploration and evaluation expenditures		784,296	-	784,296
Office		141,063	-	141,063
Investor relations		65,616	-	65,616
Travel		84,166	-	84,166
Rent		53,128	-	53,128
Professional fees		47,109	-	47,109
Share-based compensation expense	6(b)(ii)	599,112	9,851	608,963
Wages and consulting fees		696,435	-	696,435
Loss from operations		(2,543,039)	(9,851)	(2,552,890)
Other Income (Expenses)				
Write-off of exploration and evaluation assets		(2,000)	-	(2,000)
Interest income		3,591	-	3,591
Interest expense		(3,898)	-	(3,898)
Management and administration fee		441,846	-	441,846
Total Other Income (Expenses)		439,539	-	439,539
Net Loss and Comprehensive Loss for the Year		$ (2,103,500)	$ (9,851)	$ (2,113,351)
Weighted Average Number of Shares Outstanding		44,202,034		44,202,034
Basic and Diluted Loss per Share		$ (0.05)		$ (0.05)

6. First-time Adoption of IFRS - *Continued*

b. Reconciliation of Previously Reported Financial Statements – *Continued*

Notes to the reconciliations of previously reported financial statements:

(i) Accounting for Flow-Through Shares

Under Canadian GAAP, the Company recorded the gross proceeds relating to the flow-through shares to share capital at the time of issuance. The Company then recorded a charge (reduction) to share capital at the time the tax benefits of the flow-through shares were renounced to the investors. The charge was calculated by multiplying the amount of the renounced tax benefits (which are equal to the proceeds of the flow-through share issuance) by the effective tax rate at the time. The offset would go to the deferred tax liability to reflect the fact that the Company could no longer use the tax attributes for its benefit.

Under IFRS, the proceeds from issuing flow-through shares are allocated between the offering of the shares and the sale of the tax benefits. The allocation is based on the difference ("premium") between the amount the investor pays for the flow-through shares and the share price as of the date the transaction is approved. A liability is recognized for the premium, and extinguished when the tax effect of the temporary differences, resulting from incurring the relevant expenditure, is recorded.

Impact on Statements of Financial Position:

	As at April 1, 2010	As at March 31,2011
Share capital	$ 1,085,087	$ 1,085,087
Deficit	$ (1,085,087)	$ (1,085,087)

No impact on the statement of loss and comprehensive loss as the liability had been fully reversed before the year ended March 31, 2011.

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6. First-time Adoption of IFRS - *Continued*

b. Reconciliation of Previously Reported Financial Statements – *Continued*

Notes to the reconciliations of previously reported financial statements: – *Continued*

(ii) IFRS 2 – Shared-Based Payments and Share-Based Payments Reserve

Under Canadian GAAP, the Company calculated the fair value of share-based awards with graded vesting features as one grant and used the straight-line method of calculating share-based payments over the vesting period.

Under IFRS, each tranche of a share-based award with different vesting dates was considered a separate grant for the fair value calculation. The resulting fair value of the share-based payment is recognized over the vesting period of the respective tranche using the graded vesting method.

Impact on Statements of Financial Position:

	As at April 1, 2010	As at March 31, 2011
Share-based payments reserve	$ -	$ 9,851
Deficit	$ -	$ (9,851)

Impact on Statement of Loss and Comprehensive Loss:

	Year ended March 31, 2011
Share-based compensation expense	$ (9,851)
Net loss and comprehensive loss	$ (9,851)

7. Short-term Investments

As at March 31, 2012, the Company has invested $92,500 (March 31, 2011 - $442,500; April 1, 2010 - $634,500) into Guaranteed Investment Certificates ("GICs") with a Canadian Financial Institution. These GICs are yielding interest at rates ranging from 0.95% to 1.0% and with maturity dates ranging from ten to twelve months.

8. Property and Equipment

	March 31, 2012			March 31, 2011		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 46,370**	**$ (40,502)**	**$ 5,868**	$ 43,563	$ (33,331)	$ 10,232
Computer software	**56,207**	**(56,207)**	**-**	33,045	(33,045)	-
Office furniture and equipment	**7,589**	**(3,165)**	**4,424**	7,589	(2,059)	5,530
Project field equipment	**59,712**	**(34,354)**	**25,358**	59,712	(28,014)	31,698
	$ 169,878	**$ (134,228)**	**$ 35,650**	$ 143,909	$ (96,449)	$ 47,460

8. Property and Equipment - *Continued*

	April 1, 2010		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 28,761	$ (20,825)	$ 7,936
Computer software	20,231	(20,231)	-
Office furniture and equipment	2,121	(676)	1,445
Project field equipment	56,758	(20,090)	36,668
	$ 107,871	$ (61,822)	$ 46,049

9. Exploration and Evaluation Assets

a. Details of the Company's exploration and evaluation asset acquisition costs are as follows:

	Maze Lake (*Note 9c*)	Grenville (*Note 9d*)	Van Horne (*Note 9e*)	Thundercloud (*Note 9f*)	Sakoose West (*Note 9j*)	New Klondike (*Note 9j*)	**Total**
April 1, 2010	$ 350,000	$ 80,000	$ 160,490	$ -	$ -	$ 1,000	$ 591,490
Cash	-	-	79,000	-	8,000	1,000	88,000
Shares	-	-	30,750	142,500	-	-	173,250
Write-off	-	-	-	-	-	(2,000)	(2,000)
March 31, 2011	350,000	80,000	270,240	142,500	8,000	-	850,740
Cash	-	-	124,750	-	-	-	124,750
Shares	-	-	61,600	35,000	-	-	96,600
Write-off	-	(80,000)	-	-	(8,000)	-	(88,000)
March 31, 2012	**$ 350,000**	**$ -**	**$ 456,590**	**$ 177,500**	**$ -**	**$ -**	**$ 984,090**

b. Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the Statement of Loss and Comprehensive Loss, are as follows:

For the year ended March 31, 2012	Van Horne (*Note 9e*)	Thundercloud (*Note 9f*)	GPNJV (*Note 9h*)	Anglo Alliance (*Note 9i*)	Other Properties[1]	**Total**
Assaying and sampling	$ 207,965	$ 391,147	$ 19,797	$ 12,067	$ 397	$ 631,373
Field expenses	112,927	366,412	35,346	16,695	302,081	833,461
Drilling	261,433	521,086	-	14,429	-	796,948
Geological consulting	132,445	322,878	43,730	20,936	44,074	564,063
Government assistance[2]	-	-	-	-	(242,998)	(242,998)
Option payments received[3]	-	-	-	-	(439,000)	(439,000)
Expenditures for the year	714,770	1,601,523	98,873	64,127	(335,446)	2,143,847
Expenditures, beginning of the year	873,827	110,928	-	-	4,706,384	5,691,139
March 31, 2012	**$ 1,588,597**	**$ 1,712,451**	**$ 98,873**	**$ 64,127**	**$ 4,370,938**	**$ 7,834,986**

(1) Other properties include Maze Lake, Grenville, Hickson, Belcourt and generative projects.

(2) As at March 31, 2012, the Company accrued $238,610 *(subsequently received)* in resource tax credits for fiscal years 2010 and 2011 from Revenue Quebec and the Ministère des Resources naturelles et de la Faune and this amount is included in the amounts receivable balance of $281,580 as at March 31, 2012.

(3) During the year ended March 31, 2012, the Company received option payments from Pershimco of $439,000, net of $31,000 of acquisition costs (*Note 9g*).

9. Exploration and Evaluation Assets - *Continued*

b. Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the Statement of Loss and Comprehensive Loss, are as follows: - *Continued*

For the year ended March 31, 2011	Van Horne (*Note 9e*)	Thundercloud (*Note 9f*)	GPNJV (*Note 9h*)	AngloGold Alliance (*Note 9i*)	Other Properties[(1)]	Total
Assaying and sampling	$ 7,018	$ -	$ -	$ -	$ 118,033	$ 125,051
Field expenses	32,985	58,909	-	-	481,370	573,264
Geological consulting	50,141	52,019	-	-	164,189	266,349
Government assistance	-	-	-	-	(92,773)	(92,773)
Cash calls / funds used	-	-	-	-	(85,595)	(85,595)
Expenditures for the year	90,144	110,928	-	-	585,224	786,296
Expenditures, beginning of the year	783,683	-	-	-	4,121,160	4,904,843
March 31, 2011	$ 873,827	$ 110,928	$ -	$ -	$ 4,706,384	$ 5,691,139

[(1)] Other properties include Maze Lake, Grenville, Hickson, Belcourt and generative projects.

c. Maze Lake, 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 and the Company records its proportionate share of assets, liabilities, revenue and operating costs of the unincorporated joint venture.

As at March 31, 2012, the Company's proportionate share of the assets of the MLJV is $2,648,598. 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 year ended March 31, 2012.

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, 2012, 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 ("NSR") payable on the commencement of commercial production.

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

As of March 31, 2012, the MLJV has not yet commenced operations and the Company continues to act as the operator of the MLJV.

9. Exploration and Evaluation Assets - *Continued*

d. 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).

During the year ended March 31, 2012, the Company wrote-off all acquisition costs on its Grenville property in the amount of $80,000 based on unfavorable evaluation of the geologic potential on certain mineral claims and retained title to other mineral claims based on available credits.

e. 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)*
v)		18,500	on or before June 1, 2012 *(paid subsequent to year end)*
	$	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 – fair value $61,600)*
v)	284,000	on or before May 1, 2012 *(subsequently issued – fair value $22,720)*
	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)*
iv)		750,000	on or before June 1, 2012 *(incurred)*
	$	1,600,000	

9. Exploration and Evaluation Assets - *Continued*

e. Van Horne, Ontario - *Continued*

The Company is also subject to making certain additional considerations prior to exercising the option to acquire a 100% interest in the surface rights for three of the seven option agreements. The property optionors retain a 2% 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)*
iv)	12,000	on or before June 1, 2012 *(paid subsequent to year end)*
	$ 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 *(incurred subsequent to year end)* of exploration expenditures noted above relating to the seven option agreements entered into on July 1, 2008. The property optionors retain a 2% NSR on the new land position. The Company has the right to repurchase one-half (or 1%) of the NSR for $1,000,000.

Subsequent to year end, the Company has satisfied all cash payments, share issuances, and exploration expenditure commitments on the eight underlying option agreements. As a result, the Company has earned 100% of the right, title and interest in the mineral rights for four of the eight option agreements. The remaining four option agreements are still subject to certain additional buyout payments relating to the final acquisition of rights.

f. Thundercloud, Ontario

On January 7, 2011, the Company entered into an option agreement with Teck Resources Ltd. ("Teck"), which was subsequently amended on December 20, 2011, 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 *(issued – fair value $35,000)*
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	

9. Exploration and Evaluation Assets - *Continued*

f. Thundercloud, Ontario - *Continued*

Minimum expenditures:

i)	$	1,500,000	on or before December 31, 2011 *(incurred)*
ii)		500,000	on or before December 31, 2012
iii)		1,500,000	on or before December 31, 2013
iv)		2,500,000	on or before December 31, 2014
	$	6,000,000	

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 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 NSR 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.

g. Belcourt, Quebec

On May 24, 2011, the Company signed an option agreement (the "Belcourt Option") to acquire a 100% interest in six contiguous claims located in the Belcourt Township of Quebec. These claims are also adjacent to claims acquired by the Company during the year ended March 31, 2011. Collectively, these claim blocks are referred to as the Belcourt Property.

To earn a 100% interest, the Company shall fulfill the following optional terms, in aggregate, over a period of three years:

Payments:

i)	$	25,000	upon signing of agreement *(paid)*
ii)		50,000	on or before May 24, 2012 *(subsequently paid by Pershimco)*
iii)		100,000	on or before May 24, 2013
	$	175,000	

Common shares:

i)	25,000	upon signing of agreement *(issued – fair value $6,000)*
ii)	50,000	on or before May 24, 2012 *(subsequently issued – fair value $2,500)*
iii)	100,000	on or before May 24, 2013
	175,000	

9. Exploration and Evaluation Assets - *Continued*

g. Belcourt, Quebec - *Continued*

Minimum expenditures:

i)	$	50,000	on or before May 24, 2012 *(subsequently incurred by optionee)*
ii)		100,000	on or before May 24, 2013
iii)		250,000	on or before May 24, 2014
	$	400,000	

On July 26, 2011, the Company entered into an option agreement (the "Option") with Pershimco Resources Inc. ("Pershimco"), which was subsequently amended on February 21, 2012, to acquire 100% of the Company's Belcourt Property and will assume all obligations of the Company under the Belcourt Option, except for the issuance of the Company's shares. Pershimco shall reimburse the Company within ten business days of any such share issuance equal to the number of shares issued by the Company multiplied by the average closing market price of Laurentian on the twenty days prior to such issuance. To exercise the Option, Pershimco must fulfill the following optional terms:

(i) Pay Laurentian $200,000 cash upon signing of the agreement (received) and incur a minimum of $250,000 in exploration expenditures on or before July 31, 2012;

(ii) Pay Laurentian an additional $270,000 cash (received) on or before February 24, 2012 and incur an additional $250,000 in exploration expenditures on or before July 31, 2013; and

(iii) Pay Laurentian an additional $300,000 cash on or before July 15, 2013 and incur an additional $500,000 in exploration expenditures on or before July 31, 2014.

The Company will retain a 2% NSR on the Belcourt Property with Pershimco having the right to purchase one-half (or 1%) of the NSR for $1,000,000. Pershimco has also been granted the option to purchase the remaining 1% of the NSR, subject to the filing of a feasibility study for commercial production, for $5,000,000 or, at Laurentian's discretion, an amount equivalent to five dollars per ounce of gold in reserves (proven and probable), plus one dollar per ounce of resource (measured and indicated) on the Belcourt Property, as published in a current feasibility study, or most recent NI 43-101 compliant resource estimate.

During the year ended March 31, 2012, the Company recorded option payments from Pershimco as cost recoveries in the amount of $439,000 (net of $31,000 of acquisition costs).

h. 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.

On July 13, 2011 and in accordance with the terms of the joint venture agreement, Kinross exercised its option to earn an additional 25% interest in the GPNJV, thus increasing its participating interest from 50% to 75%, as it has incurred the minimum $1,500,000 in exploration expenditures within two years from the commencement of the GPNJV. As a result, exploration expenditures in excess of $1,500,000 shall be incurred by the joint venture participants in accordance with their respective participating interest. Subsequent to Kinross exercising its option to earn an additional 25%, the Company's holding was converted from a 50% carried interest to a 25% participating interest.

9. Exploration and Evaluation Assets - *Continued*

h. Goldpines North Joint Venture - *Continued*

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 year ended March 31, 2012.

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 5% while in the exploration phase, 2% while in the major construction phase and 3% while in the mining phase.

As at March 31, 2012, the Company received $1,905,154 in aggregate funding from Kinross and incurred an aggregate of $1,796,622 on exploration expenditures. As a result, the Company had restricted cash of $108,532 (March 31, 2011 - $262,577; April 1, 2010 - $118,860 for the Uchi Alliance) which must be spent on exploration relating to the GPNJV and a cash call receivable of $Nil (March 31, 2011 - $Nil; April 1, 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.

As operator, the following costs were incurred on behalf of Kinross:

For the years ended March 31	2012	2011
Assaying and sampling	**$ 39,404**	$ 130,178
Field expenses	**70,357**	568,890
Drilling	**-**	290,289
Geological consulting	**87,045**	425,448
Cash calls / funds used	**(196,806)**	(1,414,805)
	$ -	$ -

i. Anglo 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 Grenville project (*Note 9d*).

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).

9. Exploration and Evaluation Assets - *Continued*

i. Anglo Alliance - *Continued*

In the third year of the Anglo Alliance, at AngloGold's option, AngloGold had the option to 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 could have earned a 60% interest in each exploration project defined under the Anglo Alliance and the Company would have retained 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.

As at March 31, 2012, the Company had received $3,459,971 in aggregate funding from Anglo and incurred an aggregate of $3,459,971 on exploration expenditures. As a result, the Company had restricted cash of $Nil (March 31, 2011 - $375,818; April 1, 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%.

As at April 29, 2012, the third anniversary of the Anglo Alliance, AngloGold advised that it will not fund future exploration projects under the Anglo Alliance. Consequently, AngloGold did not fulfill the required funding of $3,000,000 in Year 3 and accordingly, did not fulfill the earn-in requirements during the Earn-In Period.

The Company retained 100% interest and will bear all future exploration expenditures on all the properties under the Anglo Alliance.

As operator, the following costs were incurred on behalf of AngloGold:

For the years ended March 31	**2012**	2011
Assaying and sampling	**$ 101,147**	$ 252,189
Field expenses	**139,927**	651,337
Drilling	**120,929**	-
Geological consulting	**175,468**	402,825
Cash calls / funds used	**(537,471)**	(1,306,351)
	$ -	$ -

9. Exploration and Evaluation Assets - *Continued*

j. 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 was $30,000 (*paid - $2,000*).

The property vendor retains a 2% 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.

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 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% 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.

During the year ended March 31, 2012, the Company did not renew the two mining claims and consequently, wrote-off $8,000 of acquisition costs.

Hickson Property

During the year ended March 31, 2011, 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 ended March 31, 2012, the Company incurred $Nil (2011 - $203,090) in exploration expenditures on this property.

10. Equity

a. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares.

b. Private Placements

For the fiscal year ending March 31, 2012

There were no private placements during the year ended March 31, 2012.

For the 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:

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' fees. 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:

10. Equity - *Continued*

b. Private Placements - *Continued*

Private Placement November 2010 - *Continued*

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.

c. Share Purchase Warrants

Details of issued and outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance - April 1, 2010	20,153,564	$0.35
Issued	8,212,618	$0.40
Exercised	(503,510)	$0.25
Expired [1]	(3,833,286)	$0.57
Balance - March 31, 2011	24,029,386	$0.34
Issued	297,125	$0.35
Exercised	(4,444,444)	$0.18
Expired [2][3][4]	(14,857,967)	$0.33
Balance - March 31, 2012	**5,024,100**	**$0.52**

(1) On May 15, 2010, 3,833,286 warrants (fair value - $807,047, net of warrant issue costs of $50,781) expired without exercise.
(2) On July 2, 2011, 3,055,524 warrants (fair value - $303,123, net of warrant issue costs of $27,600) expired without exercise.
(3) On August 7, 2011, 9,271,498 warrants (fair value – $619,557, net of warrant issue costs of $27,732) expired without exercise.
(4) On November 15, 2011, 2,530,945 warrants (fair value - $151,172) expired without exercise.

At March 31, 2012, the following warrants are outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
March 4, 2013	$0.55	4,431,667	$ 740,452
March 4, 2013	$0.30	592,433	178,029
Weighted Average	**$0.52**	**5,024,100**	**$ 918,481**

10. Equity - *Continued*

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.

For the fiscal year ending March 31, 2012 – Grants

There were no stock options granted during the year ended March 31, 2012.

For the fiscal year ending 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. These options vests one-third every four months from the date of grant. 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 $142,654 and $15,857 was recognized as share-based compensation expense during the years ended March 31, 2012 and 2011, respectively. The corresponding share-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 and forfeiture rate	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 and of which 1,850,000 vested at the date of grant and 150,000 vests 25% every three months from the date of grant. 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 $27,719 and $593,106 was recognized as share-based compensation expense during the years ended March 31, 2012 and 2011, respectively. 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 and forfeiture rate	0.00%
Expected life of options	5 years

10. Equity - *Continued*

d. Stock Options - *Continued*

Share-based compensation expense

The Company applies the fair value based method of accounting for stock options granted to employees and non-employees. During the year ended March 31, 2012, the Company recorded share-based payments of $170,373 (March 31, 2011 - $608,963) relating to stock options granted in the prior year and fully vested in the current year.

Details of issued and outstanding stock options are as follows:

	Number of Options	Weighted Average Exercise Price
Balance – April 1, 2010	2,490,911	$0.21
Granted	2,500,000	$0.39
Exercised	(450,000)	$0.17
Balance – March 31, 2011	4,540,911	$0.31
Expired	(25,000)	$0.40
Forfeited	(1,972,728)	$0.32
Balance – March 31, 2012	**2,543,183**	**$0.30**

At March 31, 2012, the following options are outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining in Years
November 30, 2012	$0.44	168,183	0.67
August 11, 2014	$0.17	775,000	2.36
February 1, 2015	$0.17	200,000	2.84
January 21, 2016	$0.40	900,000	3.81
March 11, 2016	$0.35	500,000	3.95
	$0.30	**2,543,183**[1]	**3.11**

(1) As at March 31, 2012, 2,543,183 options fully vested with a weighted average exercise price of $0.30.

e. Flow-Through Shares

There were no flow-through shares issued during the years ended March 31, 2012 and 2011.

f. Compensation Options

In connection with the Company's private placements on July 2, 2009 and August 7, 2009, the Company issued 555,555 and 547,000 compensation options to agents involved in the private placements, respectively, with an exercise price of $0.18 per compensation option. The Company recorded the fair value of these compensation options as share issuance costs. These compensation options are exercisable for a period of two years from the date of issuance into units comprised of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional common share at a price of $0.25 per share during year one and $0.35 per share during year two. The fair value attached to the 555,555 compensation options was $128,996 and $105,825 to the 547,000 compensation options, both of which were valued using the Black-Scholes Method.

There were no compensation options granted during the years ended March 31, 2012 and 2011.

10. Equity - *Continued*

f. Compensation Options - *Continued*

Details of issued and outstanding compensation options are as follows:

	Number of Compensation Options	Weighted Average Exercise Price
Balance – April 1, 2010	1,102,555	$0.24
Exercised	(308,125)	$0.18
Balance – March 31, 2011	794,430	$0.24
Exercised	(594,250)(1)(2)	$0.18
Expired	(200,180)	$0.18
Balance – March 31, 2012	**-**	**$ -**

(1) During the year ended March 31, 2012, 555,500 of the 555,555 compensation options outstanding at March 31, 2011 were exercised for proceeds of $99,990. The carrying value of these compensation options reclassified from share-based payments reserve to share capital was $88,161. The weighted average trading price on the date of exercise was $0.20 per share.

(2) During the year ended March 31, 2012, 38,750 of the 238,875 compensation options outstanding at March 31, 2011 were exercised for proceeds of $6,975. The carrying value of these compensation options reclassified from share-based payments reserve to share capital was $5,128. The weighted average trading price on the date of exercise was $0.18 per share.

g. Escrow Shares

As at March 31, 2012, there were no shares held in escrow. The remaining 565,785 shares held in escrow as at March 31, 2011 were released on May 15, 2011.

11. Related Party Transactions

Details of transactions between the Company and its related parties are disclosed below.

a. Trading Transactions

As at March 31, 2012, the Company's related parties consist of a Director of the Company, the President and Chief Executive Officer ("CEO"), a company controlled by the Company's Chief Financial Officer ("CFO"), and a company controlled by the Company's Vice-President of Exploration.

	Nature of Transaction
Director	Consulting
President and CEO	Management
0869007 B.C. Ltd.	Management
Sunjem Consulting Ltd.	Management
Former CFO	Management
Former Vice-President of Exploration	Management

11. Related Party Transactions - *Continued*

a. Trading Transactions - *Continued*

The Company incurred fees and expenses with the related parties and the amounts outstanding are unsecured, non-interest bearing and due on demand.

	Note	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Management fees	(i)	**$ 312,500**	$ 196,783
Consulting fees	(ii)	**60,000**	75,000
Total	(iii)	**$ 372,500**	$ 271,783

(i) During the year ended March 31, 2012, the Company paid management fees of $170,000 (2011 - $15,583) to the President and CEO; $36,000 (2011 - $Nil) to a company controlled by the Company's CFO; $30,000 (2011 - $Nil) to a company controlled by the Company's Vice-President of Exploration; $75,000 (2011 - $150,000) to the Company's former Vice-President of Exploration; and $1,500 (2011 - $31,200) to its former CFO.

(ii) During the year ended March 31, 2012, the Company paid $60,000 (2011 - $60,000) to a Director of the Company for consulting services performed outside his capacity as a director and $Nil (2011 - $15,000) to another Director also for consulting services outside his capacity as a director.

(iii) The total amount included in wages and consulting fees is $295,000 (March 31, 2011 - $121,783) and the total amount included in exploration and evaluation expenditures as geological consulting is $77,500 (March 31, 2011 - $150,000).

Included in accounts payable and accrued liabilities as at March 31, 2012 is $10,388 (March 31, 2011 - $Nil) owing to the Company's Vice-President of Exploration and $Nil (March 31, 2011 - $2,016) was owing to the Company's former CFO.

b. Compensation of Key Management Personnel

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The remuneration of the Company's key management personnel for the years ended March 31, 2012 and 2011 are as follows:

	Note	**March 31, 2012**	March 31, 2011
Management fees	(i)	**$ 312,500**	$ 196,783
Share-based compensation expense	(ii)	**142,654**	279,708
		$ 455,154	$ 476,491

(i) Management fees include the management fees disclosed in *Note 11(a)(i)* above.

(ii) Share-based compensation expense is the fair value of options granted and vested to key management.

Key management personnel were not entitled to post-employment, termination or other long-term benefits during the years ended March 31, 2012 and 2011.

12. 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, 2012		For the year ended March 31, 2011
Loss before income taxes	**$**	**(3,475,960)**	$	(2,113,351)
Statutory Canadian federal and provincial tax rates		**25.00%**		26.50%
Expected tax recovery		**(868,990)**		(560,038)
Adjustments:				
Stock-based compensation		**42,593**		161,375
Other		**(73)**		(46,457)
Statutory tax rate difference		**-**		(28,412)
Tax assets not recognized		**826,470**		473,532
Income tax expense (recovery)	**$**	**-**	$	-

b. The components of the future income tax asset balances are as follows:

		March 31, 2012		March 31, 2011
Deferred income tax asset:				
Non-capital loss carry-forwards	**$**	**1,132,260**	$	809,813
Share issuance costs		**84,435**		125,892
Other		**33,630**		24,112
Resource property costs – tax basis in excess of book value		**844,165**		308,203
Tax assets not recognized		**(2,094,490)**		(1,268,020)
Deferred income tax asset	**$**	**-**	$	-

The effective income tax rate is the rate that is estimated to be applicable when timing differences reverse. As at March 31, 2012, the future enacted rate is estimated to be 25% (2011 – 25%).

c. The Company has non-capital losses which may be applied to reduce future year's taxable income. As at March 31, 2012, these amounted to $4,529,039 (March 31, 2011 – $3,239,250). 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, $866,854 will expire in 2030 and the remaining $1,289,789 will expire in 2031.

13. Management of Capital

The Company primarily considers shareholders' equity in the management of its capital. 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 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 attempt to 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. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended March 31, 2012 compared to the year ended March 31, 2011. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1.

14. Financial Instruments

Fair Value

The Company classifies its cash, restricted cash, short-term investments and amounts receivable (excluding sales tax receivable and resource tax credits) as loans and receivables. Accounts payable and accrued liabilities are classified as borrowings and other financial liabilities. As of March 31, 2012, the statement of financial position carrying amounts of these financial instruments closely approximate their fair values and the Company held no derivative financial instruments.

14. Financial Instruments - *Continued*

Fair Value - *Continued*

The following provides the classification of financial instruments as at March 31, 2012, March 31, 2011 and April 1, 2010:

	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Loans and receivables	**$ 534,112**	$ 3,911,579	$ 1,786,770
Other financial liabilities	**$ 74,878**	$ 429,543	$ 77,212

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and interest rate 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, restricted cash, short-term investments 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, restricted cash and short-term investments with a high credit quality major Canadian financial institution as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

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 amounts receivable.

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 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, 2012, the Company had cash of $317,489 (March 31, 2011 - $2,815,971, April 1, 2010 - $766,094) and restricted cash of $108,532 (March 31, 2011 - $638,395, April 1, 2010 - $385,264) to settle current liabilities of $183,410 (March 31, 2011 - $1,067,938, April 1, 2010 - $462,476). Further information relating to liquidity risk is disclosed in Note 1.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash, restricted cash and short-term investments include deposits which are at variable interest rates. For the year ended March 31, 2012, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash, restricted cash and short-term investments by approximately $2,600.

15. Segmented Information

The Company conducts its business in a single operating segment which is the mining business in Canada. All of the Company's exploration and evaluation assets are located in Canada. Any investment revenues were earned principally from Canadian sources.

16. Subsequent Events

Subsequent events other than those disclosed elsewhere in these financial statements include the following:

a. On April 23, 2012, the Company issued 284,000 common shares to the optionors of the Van Horne property (*Note 9e*).

b. On May 16, 2012, the Company issued 50,000 common shares to the optionor of the Belcourt property (*Note 9g*).