ELECTRIC METALS INC.

Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

ELECTRIC METALS INC.
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March 31, 2011
(Expressed in Canadian Dollars)
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NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

ELECTRIC METALS INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	March 31, 2011	December 31, 2010 (Note 15)	January 1, 2010 (Note 15)
ASSETS			
Current assets			
Cash and cash equivalents	**$ 2,117,164**	$ 687,940	$ 2,090,462
Receivables (Note 4)	**106,009**	68,675	39,503
Prepaid expenses	**80,910**	119,305	50,225
Total current assets	**2,304,083**	875,920	2,180,190
Receivable (Note 5)	**65,660**	-	-
Property and equipment (Note 6)	**-**	68,169	25,821
Resource properties (Note 7)	**312,835**	230,071	248,693
Total assets	**$ 2,682,578**	$ 1,174,160	$ 2,454,704
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities (Note 9)	**$ 48,844**	$ 79,601	$ 144,083
EQUITY			
Capital and reserves			
Share capital (Note 8)	**9,974,013**	8,518,014	8,288,542
Contributed surplus	**858,831**	371,034	303,054
Deficit	**(8,199,110)**	(7,794,489)	(6,280,975)
Total equity	**2,633,734**	1,094,559	2,310,621
Total liabilities and equity	**$ 2,682,578**	$ 1,174,160	$ 2,454,704

Nature and Continuance of Operations *(Note 1)*
Commitment *(Note 11)*
Subsequent Event *(Note 13)*

Approved and authorized by the Board of Directors

"David M.R. Stone" Director

"Tony M. Ricci" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ELECTRIC METALS INC.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
((Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three Months Ended March 31,	
	2011	*2010*
Expenses:		
Amortization	**$ 2,321**	$ 1,455
Business development costs	**4,203**	7,074
Consulting fees	**8,114**	83,125
Insurance	**-**	3,150
Management fees (Note 9)	**6,200**	13,500
Office and general	**5,982**	5,097
Professional fees (Note 9)	**4,348**	37,187
Shareholder information	**-**	16,000
Property investigation costs	**(16,522)**	-
Share-based compensation (Note 8)	**380,044**	135,000
Salaries and wages	**3,347**	-
Transfer agent and filing fees	**3,976**	14,510
Travel	**2,608**	6,757
Total expenses	**404,621**	322,855
Other income		
Interest income	**-**	10,710
Net loss and comprehensive loss for the period	**$ (404,621)**	$ (312,145)
Basic and diluted loss per common share	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding	**32,848,429**	29,839,620

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ELECTRIC METALS INC.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share Capital				
	Number of Shares	*Amount*	*Equity Reserves Attributable to Equity Shareholders*	*Deficit*	*Total*
Balance, January 1, 2010	29,639,620	$ 8,288,542	$ 303,054	$ (6,280,975)	$ 2,310,621
Mineral property option	1,292,142	190,050	-	-	190,050
Stock options exercised	200,000	20,000	-	-	20,000
Fair value of stock options exercised	-	19,422	(19,422)	-	-
Share-based compensation	-	-	87,402	-	87,402
Net loss for the year	-	-	-	(1,513,514)	(1,513,514)
Balance, December 31, 2010	31,131,762	$ 8,518,014	$ 371,034	$ (7,794,489)	$ 1,094,559
Shares issued for cash	15,000,000	1,575,000	-	-	1,575,000
Stock options exercised	100,000	10,000	-	-	10,000
Fair value of stock options exercised	-	9,711	(9,711)	-	-
Share issue costs	-	(138,712)	50,600	-	(88,112)
Share-based compensation	-	-	446,908	-	446,908
Net loss for the period	-	-	-	(404,621)	(404,621)
	15,100,000	1,455,999	487,797	(404,621)	1,539,175
Balance, March 31, 2011	**46,231,762**	**$ 9,974,013**	**$ 858,831**	**$ (8,199,110)**	**$ 2,633,734**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ELECTRIC METALS INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three Months Ended March 31,	
	2011	*2010*
Cash used in operating activities:		
Net loss for the period	**$ (404,621)**	$ (312,145)
Items not involving cash:		
Amortization	**2,321**	1,455
Asset usage	**188**	-
Share-based compensation	**380,044**	135,000
	(22,068)	(175,690)
Changes in non-cash working capital items:		
Receivable	**(37,334)**	(13,967)
Prepaid expenses	**38,395**	(6,000)
Accounts payable and accrued liabilities	**(30,757)**	(41,287)
Net cash used in operating activities	**(51,764)**	(236,944)
Cash used in investing activities:		
Acquisition of property and equipment	**-**	(11,945)
Investment in resource properties	**(15,900)**	(231,714)
Net cash used in investing activities	**(15,900)**	(243,659)
Cash provided by financing activities:		
Issuance of common shares	**1,585,000**	-
Share issuance costs	**(88,112)**	-
Net cash provided by financing activities	**1,496,888**	-
Changes in cash and cash equivalents during period	**1,429,224**	(480,603)
Cash and cash equivalents, beginning of period	**687,940**	2,090,462
Cash and cash equivalents, end of period	**$ 2,117,164**	$ 1,609,859
Cash and cash equivalents consists of:		
Cash	**$ 1,490,124**	$ 84,770
Guaranteed investment certificates	**627,040**	1,525,089
	$ 2,117,164	$ 1,609,859
Supplemental cash flow information		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -
Non-cash investing and financing activities:		
Stock based compensation capitalized to mineral proeprties	**$ 66,684**	$ -
Share issuance costs	**$ 50,600**	$ -
Share issuance for resource properties	**$ -**	$ 66,500

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (Alberta) on May 30, 1988 under the name 384829 Alberta Inc. On October 18, 1988, the Company changed its name to Sunrise Investment Holding (Canada) and, on July 24, 1995, changed its name to Amerpro Industries Inc. On March 6, 2009, the Company continued into the Province of British Columbia under the Business Corporations Act (British Columbia) and changed its name to Amerpro Resources Inc. On October 14, 2009, the Company changed its name to Electric Metals Inc..

The Company is an exploration stage company with interests in mineral properties in British Columbia, Canada. The Company's shares are listed on the TSX Venture Exchange ("TSX.V") under the trading symbol "EMI".

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries, unless otherwise noted.

The Company is in the process of exploring its resource properties and has not yet determined whether the resource properties contain reserves that are economically recoverable. The recoverability of amounts shown for the resource properties are dependent upon the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying mineral claims, the ability of the company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof. The business of mining and exploring for resources involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. Changes in future conditions could require material write-downs of the carrying values of resource properties.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

(b) Basis of measurement

The preparation of these condensed interim consolidated financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian Generally Accepted Accounting Principles ("GAAP"). The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements. They have also been applied in preparing an opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS1").

2. BASIS OF PREPARATION *(continued)*

(b) Basis of measurement *(continued)*

These condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP based audited annual financial statements for the year ended December 31, 2010. Material changes in reporting from the annual financial statements in Canadian GAAP to these condensed interim consolidated financial statements in IFRS are discussed in Note 12.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

(c) Critical judgments in applying accounting policies

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of receivables which are included in the condensed interim consolidated statements of financial position;
- the carrying value and the recoverability of resource properties, which are included in the consolidated interim statements of financial position;
- the estimated useful lives of equipment which are included in the condensed interim consolidated statements of financial position and the related amortization included in profit or loss;
- the inputs used in the accounting for share-based compensation expense included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The accounting policies set out below are expected to be adopted for the year ending December 31, 2011 and have been applied consistently to all periods presented in these condensed interim consolidated financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company, Amerpro Industries US Ltd., the Company's wholly-owned subsidiary incorporated in the United States, and Metales Electricos S.A., the Company's wholly-owned subsidiary incorporated in Argentina. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

(b) Foreign currencies

The Company's functional and reporting currency for all its operations is the Canadian dollar as this is the currency of the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the date of the statement of financial position. Non-monetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

The financial results of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency. The presentation currency of the Company is Canadian Dollars. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the rate of exchange in effect at the transaction date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation from the transition date are recognized as other comprehensive income. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income. On disposal of part or all of the operations, the proportionate share of the related cumulative gains and losses previously recognized in the comprehensive income are included in determining the profit or loss on disposal of that operation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

i. Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired:

• fair value through profit or loss (“FVTPL”);
• held-to-maturity (“HTM”);
• available for sale (“AFS”); and,
• loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. All transactions related to financial instruments are recorded on a trade date basis.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

i. Financial assets *(continued)*

Available-for-safe ("AFS")

Non-derivative financial assets not included the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the profit or loss.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

i. Financial assets *(continued)*

Derecognition of financial assets

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company has classified cash and cash equivalents as FVPTL, and receivables and loans receivable are classified as loans and receivables.

ii. Financial Liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or "other financial liabilities".

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies the non-derivative financial liabilities to the following categories: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Company classified its financial liabilities, which consisted of accounts payable and accrued liabilities, as trade and other payables.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

(d) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognized in profit and loss as it accrues, using effective interest method.

(e) Property and equipment

Property and equipment is recorded at historical cost less accumulated depreciation and impairment charges. Property and equipment is depreciated using a declining balance basis over the estimated useful lives of the individual assets. The significant classes of property and equipment and their useful lives are as follows:

Computer	20%
Furniture and equipment	15%
Office equipment	20%

Leasehold improvements are amortized straight line over the lease term of 63 months.

Amortization is recorded at half the annual rate in the year of acquisition.

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditures relating to an item of property and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and recognized in profit or loss.

(f) Mineral properties – exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Mineral properties – exploration and evaluation assets *(continued)*

When a project has been established as commercially viable and technically feasible, related development costs are capitalized into development costs on the statement of financial position. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development costs.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation nexpenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

(g) Impairment of non-financial assets

At each date of the statement of financial position, the Company's carrying amounts of its assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit of loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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 to an amount that 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 years. A reversal of an impairment loss is recognized immediately in profit or loss.

(h) Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Restoration and environmental rehabilitation provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in the statement of operations.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs to date.

(j) Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(k) Share-based compensation

The Company has a stock option plan as described in Note 8. An individual is classified as an employee, versus a consultant, when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Compensation expense attributable to share based awards to employees is measured at the fair value at the date of grant using the Black-Scholes model, and is recognized over the period that the employee becomes unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. . The fair value, under the Black-Scholes model, takes into account a number of variables, including the exercise price of the award, the expected dividend rate, the expected life of the options, forfeiture rate and the risk free interest rate.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Share-based compensation *(continued)*

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credit to share capital, adjusted for any consideration paid.

(l) Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

i) Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- liabilities arising from initial recognition of goodwill for which amortization is not deductible for tax purposes;
- liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit; and
- liabilities arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Taxes *(continued)*

iii) Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(m) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(n) Leases

Leases are classified as either capital or operating in nature. Finance leases are those which substantially transfer the benefits and risks of ownership to the lessee. Obligations under finance leases are reduced by the principle portion of lease payments. The imputed interest portion of lease payments is charged to expense. Payments required under operating leases are recorded as an expense.

(o) Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The following new standards, amendments and interpretations, that have not been early adopted in these interim consolidated financial statements, will not have an effect on the Company's future results and financial position:

- IFRS 1 – Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets (Effective for periods beginning on or after January 1, 2012)
- IFRS 9 – Financial Instruments (Effective for periods beginning on or after January 1, 2013)

4. RECEIVABLES

The Company's receivables arise from Harmonized Sales Tax (HST) receivable due from Canadian government taxation authorities, receivable and advances to a consultant. The receivables balance is broken down as follows:

	March 31, 2011	*December 31, 2010*	*January 1, 2010*
HST recoverable	$ 56,678	$ 49,022	$ 39,503
Receivable (Note 9)	41,083	11,415	-
Advances	8,248	8,248	-
	$ 106,009	$ 68,675	$ 39,503

5. RECEIVABLE

The long term receivable represents amounts owing from an arms length company for the sale of certain equipment, furniture and leashold improvements. The assets were sold at fair market value which approximates net book value, no gains or losses were recognized on the sale.

6. PROPERTY AND EQUIPMENT

	Computer	***Furniture and fixtures***	***Leasehold improvements***	***Office equipment***	***Total***
Cost					
Balance, January 1, 2010	$ 20,351	$ 3,500	$ -	$ 4,742	$ 28,593
Addition	7,414	-	44,959	-	52,373
Disposal	-	-	-	-	-
Balance, December 31, 2010	27,765	3,500	44,959	4,742	80,966
Addition	-	-	-	-	-
Disposal	(27,765)	(3,500)	(44,959)	(4,742)	(80,996)
Balance, March 31, 2011	$ -	$ -	$ -	$ -	$ -
Accumulated depreciation					
Balance, January 1, 2010	$ 2,035	$ 263	$ -	$ 474	$ 2,772
Depreciation for the year	4,405	485	4,281	854	10,025
Disposal	-	-	-	-	-
Balance, December 31, 2010	6,440	748	4,281	1,328	12,797
Depreciation for the period	-	-	-	-	-
Disposal	(6,440)	(748)	(4,281)	(1,328)	(12,797)
Balance, March 31, 2011	$ -	$ -	$ -	$ -	$ -
Carrying amounts					
Balance, January 1, 2010	$ 18,316	$ 3,237	$ -	$ 4,268	$ 25,821
Balance, December 31, 2010	$ 21,325	$ 2,752	$ 40,678	$ 3,414	$ 68,169
Balance, March 31, 2011	$ -	$ -	$ -	$ -	$ -

7. RESOURCE PROPERTIES

	SV Lithium Placer Claims	*Salta Agua Claims*	*Sibley Creek Project*	*Saguenay and Charlevoix Property*	*Chuchinka Property*	*Total*
Balance, January 1, 2010	$ 221,315	$ 27,378	$ -	$ -	$ -	$ 248,693
Acquisition costs	83,418	239,725	1,896	418,500	75,050	818,589
Exploration costs	37,023	20,893	21,824	2,280	155,021	237,041
Write down	(341,756)	(287,996)	(23,720)	(420,780)	-	(1,074,252)
Balance, December 31, 2010	-	-	-	-	230,071	230,071
Acquisition costs	-	-	-	-	-	-
Exploration costs	-	-	-	-	82,764	-
Balance, March 31, 2011	$ -	$ -	$ -	$ -	$ 312,835	$ 312,835

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 history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

8. SHARE CAPITAL

a) Common shares

The Company is authorized to issue an unlimited number of Class A voting common shares without par value, Class B voting common shares without par value, and Class C non-voting common Shares without par value. The holder of each class of common shares is entitled to receive any dividend declared by the Company on the respective class of common shares.

Issued During the Three Months Ended March 31, 2011:
On February 14, 2010, the Company issued 100,000 Class A common shares at a price of $0.10 per share for the exercise of stock options.

On March 21, 2011, the Company completed a non-brokered private placement consisting of 15,000,000 units at a price of $0.105 per unit, for gross proceeds of $1,575,000. Each unit consists of one Class A common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional Class A common share for $0.155 per share up to and including March 21, 2013. Finders' fees of $78,750 in cash and 750,000 finder's warrants were paid.

b) Preferred shares

The Company is authorized to issue an unlimited number of preferred shares without par value. The holders of preferred shares are entitled, on liquidation, dissolution or winding-up of the Company, to receive, before any distribution is made to holders of common shares, with respect to repayment of capital, the amounts required to be paid in accordance with the special rights and restrictions attached to the series of shares held by them, together with the fixed premium, an amount equal to declared and unpaid cumulative and non-cumulative dividends.

The Company did not not issue any preferred shares.

8. SHARE CAPITAL *(continued)*

c) Share purchase warrants

Warrant transactions are summarized as follows:

	March 31, 2011		*December 31, 2010*	
	Number of Warrants	***Weighted Average Exercise Price***	*Number of Warrants*	*Weighted Average Exercise Price*
Balance, beginning of period	**-**	**$ -**	7,200,000	$ 0.38
Issued in private placement	**15,000,000**	**0.155**		
Issued	**750,000**	**0.155**	-	-
Expired	**-**	**-**	(7,200,000)	(0.38)
Balance, end of period	**15,750,000**	**$0.155**	-	$ -

The Company's warrants are exercisable only for common stock. The following table summarizes information about warrants outstanding and exercisable at March 31, 2011:

Exercise Price	***Expiry Date***	***Warrants Outstanding***	***Weighted Average Remaining Contracted Life (Years)***
$ 0.155	March 21, 2013	15,750,000	1.98

d) Stock Options

In June 2009, the shareholders approved a stock option plan, as amended at its Annual General and Special Meeting, in accordance with the policies of the TSX Venture Exchange ("TSX-V"), under which the Board of Directors are authorized to grant options to employees, consultants, officers and directors enabling them to acquire up to 10% of the issued and outstanding share capital of the Company. The essential elements of the plan provide that the aggregate number of shares of the Company exercisable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company at the grant date. Options granted under the plan may have a maximum term of five years. The exercise price of options granted under the plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX.V policy), or such other price as may be agreed to by the Company and accepted by the TSX.V. Options vest on terms determined by the Board of Directors and may be vested immediately on the grant date.

8. SHARE CAPITAL *(continued)*

d) Stock Options *(continued)*

During the three months ended March 31, 2011, the Company recognized share-based compensation of $380,044 (2010 - $135,000) in contributed surplus, which will be applied to share capital upon exercise. The weighted average fair value of the options granted during the period ended March 31, 2011, was $0.13 per option (2010 - $0.10). The fair value of stock options is determined using the Black-Scholes Option Pricing Model with assumptions as follows:

	2011	2010
Risk-free interest rate	2.73%	2.39%
Estimated volatility	144%	137%
Expected life	5 Years	5 years
Expected dividend yield	0%	0%

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The weighted average share price at the date of exercise of options was $0.15 during the three months ended March 31, 2011, and $0.18 during the year ended December 31, 2010.

	March 31, 2011		*December 31, 2010*	
	Number of Shares	***Weighted Average Exercise Price***	*Number of Shares*	*Weighted Average Exercise Price*
Balance, beginning of period	**1,750,000**	**$ 0.18**	1,350,000	$ 0.25
Cancelled	**(450,000)**	**0.25**	(500,000)	(0.25)
Granted	**3,405,000**	**0.13**	1,100,000	0.10
Exercised	**(100,000)**	**0.10**	(200,000)	(0.10)
Balance, end of period	**4,605,000**	**$ 0.13**	1,750,000	$ 0.18

As of March 31, 2011, the following stock options were outstanding and exercisable:

Number of Options	***Exercise Price***	***Expiry Date***	***Number of Options Outstanding and Exercisable***
200,000	$0.25	July 10, 2014	200,000
200,000	$0.20	October 14, 2014	200,000
600,000	$0.10	July 14, 2015	600,000
200,000	$0.14	August 3, 2015	200,000
1,200,000	$0.15	February 14, 2016	1,200,000
2,205,000	$0.12	March 30, 2016	2,205,000
4,605,000			4,605,000

9. RELATED PARTY TRANSACTIONS

Related party transactions are with directors and a company controlled by a director and officer of the Company.

The following summarizes the Company's related party transactions:

	March 31, 2011	*March 31, 2010*
Management fees incurred to companies controlled by directors of the Company	$ 6,200	$ 13,500
Legal fees incurred to a law firm, a partner of which is an officer of the Company and included in professional fees	$ 419	$ 34,687
Share issue costs paid to a law firm, a partner of which is an officer of the Company and included in share issue costs	$ 738	$ -

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

Current receivables include $5,500 due from companies with common directors and officers.

Accounts payable and accrued liabilities include $469 (December 31, 2010 – $5,400, January 1, 2010 - $55,234) due to a law firm, a partner of which is an officer of the Company.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, the sale of assets, debt, or return of capital to shareholders. As at March 31, 2011, the Company does not have any debt, other than accounts payable and accrued liabilities, and is not subject to externally imposed capital requirements.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash and cash equivalents are invested in business accounts with quality financial institutions, are available on demand for the Company's programs, and are not invested in any asset backed commercial paper.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT *(continued)*

c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents, and other assets with high-credit quality financial institutions.

The majority of the Company's cash and cash equivalents are held with major Canadian based financial institutions.

d) Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

e) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss s a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash and cash equivalents, restricted cash as they are generally held with large financial institutions.

f) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

The estimated fair value of financial assets is equal to their carrying values due to the short-term nature of these instruments.

11. COMMITMENT

The Company entered into a lease for office premises which commenced March 1, 2010 and terminates on February 28, 2015. Under the terms of the lease agreement, the Company was permitted early occupancy commencing December 1, 2009, and free rent up to February 28, 2010. The Company has prepaid rent for the years 2011 and 2012. The following is a summary of the lease commitments over the term of the agreement:

2011	$ 58,800
2012	$ 64,250
2013	$ 65,340
2014	$ 68,060
2015	$ 11,434

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these condensed interim consolidated financial statements are for the period covered by the Company's first condensed interim consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied in preparing the condensed interim consolidated financial statements for the three months ended March 31, 2011 and 2010, the condensed consolidated financial statements for the year ended December 31, 2010 and the opening IFRS statement of financial position on the transition date, January 1, 2010.

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended March 31, 2011, the Company did not identify any adjustments to the amounts reported previously in the financial statements prepared in accordance with Canadian GAAP. IFRS1 requires an entity to reconcile equity, comprehensive loss, and cash flows for prior periods. There were no changes made to the statements of financial position and statements of operations and comprehensive loss as shown below. As there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been disclosed.

The guidance for first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company has elected to take the following IFRS1 optional exemptions:

a) Business combinations

IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the transition date. The retrospective basis would require restatement of all business combinations that occurred prior to the transition date. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its transition date and such business combinations have not been restated.

b) Share-based payments

IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the transition date. The Company elected to take the exemption available under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by the transition date.

c) Leases

IFRS 1 allows an exemption for first-time adopters to determine whether an arrangement existing at the IFRS transition date contains a lease on the basis of facts and circumstances existing at the transition date, instead of the inception of the agreements. The Company has elected to use this exemption.

d) Cumulative translation differences

IFRS 1 allows an exemption for first-time adopters to deem cumulative translation differences to be $nil for foreign operations at the date of transition to IFRS. The Company has elected to use this exemption.

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

The following IFRS 1 mandatory exceptions applied to the Company:

a) Estimates

In accordance with IFRS 1, 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. IFRS employs a conceptual framework that is similar to Canadian GAAP. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Reconciliation of statement of financial position as at January 1, 2010 (Transition Date)

The reconciliation between the Canadian GAAP and the IFRS consolidated statement of financial position as at January 1, 2010 (Transition Date to IFRS) is provided below:

	GAAP	*Effect of transition to IFRS*	*IFRS*
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,090,462	$ -	$ 2,090,462
Receivable	39,503	-	39,503
Prepaid expenses and other	50,225	-	50,225
	2,180,190	-	2,180,190
Equipment	25,821	-	25,821
Resource properties	248,693	-	248,693
Total assets	$ 2,454,704	$ -	$ 2,454,704
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 144,083	$ -	$ 144,083
EQUITY			
Share capital	8,288,542	-	8,288,542
Contributed surplus	303,054	-	303,054
Deficit	(6,280,975)	-	(6,280,975)
Total equity	2,310,621	-	2,310,621
Total liabilities and equity	$ 2,454,704	$ -	$ 2,454,704

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Reconciliation of statement of financial position as at March 31, 2010 (Transition Date)

The reconciliation between the Canadian GAAP and the IFRS consolidated statement of financial position as at March 31, 2010 is provided below:

	GAAP	*Effect of transition to IFRS*	*IFRS*
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,609,859	$ -	$ 1,609,859
Receivable	53,470	-	53,470
Prepaid expenses and other	56,225	-	56,225
	1,719,554	-	1,719,554
Equipment	36,311	-	36,311
Resource properties	546,907	-	546,907
Total assets	$ 2,302,772	$ -	$ 2,302,772
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 102,796	$ -	$ 102,796
EQUITY			
Share capital	8,355,042	-	8,355,042
Contributed surplus	438,054	-	438,054
Deficit	(6,593,120)	-	(6,593,120)
Total equity	2,199,976	-	2,199,976
Total liabilities and equity	$ 2,302,772	$ -	$ 2,302,772

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Reconciliation of statement of financial position as at December 31, 2010 (Transition Date)

The reconciliation between the Canadian GAAP and the IFRS consolidated statement of financial position as at December 31, 2010 is provided below:

	GAAP	*Effect of transition to IFRS*	*IFRS*
ASSETS			
Current assets			
Cash and cash equivalents	$ 687,940	$ -	$ 687,940
Receivable	68,675	-	68,675
Prepaid expenses and other	119,305	-	119,305
	875,920	-	875,920
Property and equipment	68,169	-	68,169
Resource properties	230,071	-	230,071
Total assets	$ 1,174,160	$ -	$ 1,174,160
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 79,601	$ -	$ 79,601
SHAREHOLDERS' EQUITY			
Share capital	8,518,014	-	8,518,014
Contributed surplus	371,034	-	371,034
Deficit	(7,794,489)	-	(7,794,489)
Total equity	1,094,559	-	1,094,559
Total liabilities and equity	$ 1,174,160	$ -	$ 1,174,160

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Reconciliation of statement of operations and comprehensive loss for the three months ended March 31, 2010

The reconciliation between the Canadian GAAP and the IFRS statement of operations and comprehensive loss for the three months ended March 31, 2010 is provided below:

	GAAP	*Effect of transition to IFRS*	*IFRS*
Expenses			
Amortization	$ 1,455	$ -	$ 1,455
Business development costs	7,074	-	7,074
Consulting fees	83,125	-	83,125
Insurance	3,150	-	3,150
Management fees	13,500	-	13,500
Office and general	5,097	-	5,097
Professional fees	37,187	-	37,187
Promotion	16,000	-	16,000
Share-based compensation	135,000	-	135,000
Transfer agent and filing fees	14,510	-	14,510
Travel, promotion and investor relations	6,757	-	6,757
Total expenses	322,855	-	322,855
Other income (expenses)			
Interest income	10,710	-	10,710
Loss and comprehensive loss for the period	$ (312,145)	$ -	$ (312,145)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Reconciliation of statement of operations and comprehensive loss for the year ended December 31, 2010

The reconciliation between the Canadian GAAP and the IFRS statement of operations and comprehensive loss for the year ended December 31, 2010 is provided below:

	GAAP	*Effect of transition to IFRS*	*IFRS*
EXPENSES			
Amortization	$ 10,026	$ -	$ 10,026
Business development costs	9,374	-	9,374
Consulting fees	59,366	-	59,366
Insurance	6,300	-	6,300
Management fees	48,000	-	48,000
Office and general	26,820	-	26,820
Professional fees	155,666	-	155,666
Share-based compensation	87,402	-	87,402
Transfer agent and filing fees	26,631	-	26,631
Travel, promotion and investor relations	51,092	-	51,092
Total expenses	(480,677)	-	(480,677)
Other income (expenses)			
Interest income	41,415	-	41,415
Write down of resource properties	(1,074,252)	-	(1,074,252)
Total other income (expenses)	(1,032,837)	-	(1,032,837)
Loss and comprehensive loss for the year	$ (1,513,514)	$ -	$ (1,513,514)

13. SUBSEQUENT EVENT

Subsequent to the period ended March 31, 2011, the Company entered into an option agreement with Zimtu Capital Corp. ("Zimtu", TSX-V: ZC, FSE: ZCT1) and a group of three private individuals to purchase a 100% interest in 8 claim blocks in the Abitibi region of Quebec near Geomega's (TSX-V: GMA) Montviel property. The claim blocks are referred to collectively as the "Abitibi" claims.

Under the terms of the Option Agreement dated April 5th, 2011, the Company has the option to purchase a 100% interest in the Abitibi claims by paying $250,000 and issuing 5,500,000 shares of the Company as follows:

a) $10,000 cash upon signing the agreement;

b) $40,000 cash and 2,000,000 shares on TSX approval of the agreement;

c) $75,000 cash and 2,000,000 on the first anniversary of the TSX approval;

d) $125,000 cash and 1,500,000 shares on the second anniversary of the TSX approval.

The property is subject to a 2% Net Smelter Royalty, 1% of which can be purchased for $500,000. Consul-Teck Mineral Exploration Consultants Inc., of Val D'Or, Quebec, will operate the exploration program in year one.