GOWEST AMALGAMATED RESOURCES LTD.

(A development stage company)

Interim Consolidated Financial Statements

(Unaudited)

Three months ended January 31, 2011

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Gowest Amalgamated Resources Ltd. (a development stage company) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the October 31, 2010 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

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

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

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GOWEST AMALGAMATED RESOURCES LTD.
(A development stage company)
INTERIM CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
In Canadian dollars

	January 31, 2011	October 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	**$ 2,701,045**	$ 2,670,902
Amounts receivable	**346,164**	173,787
Prepaid expenses	**26,502**	17,180
	3,073,711	2,861,869
Long-term investments (Note 6)	**103,500**	130,500
Property, plant and equipment (Note 5)	**144,133**	129,746
Mineral properties (Note 7)	**6,977,276**	5,409,792
	$ 10,298,620	$ 8,531,907
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 225,764**	$ 896,562
Future income tax liability	**651,000**	651,000
	876,764	1,547,562
SHAREHOLDERS' EQUITY (Note 8)		
Share capital	**10,511,090**	7,609,938
Shares to be issued	**-**	22,500
Options	**1,069,140**	1,034,394
Warrants	**1,941,443**	2,025,707
Contributed surplus	**1,281,506**	1,279,256
	14,803,179	11,971,795
Deficit	**(5,278,573)**	(4,911,700)
Accumulated other comprehensive loss	**(102,750)**	(75,750)
	(5,381,323)	(4,987,450)
	9,421,856	6,984,345
	$ 10,298,620	$ 8,531,907

Nature of operations and going concern (Note 1)

Commitment and contingencies (Note 10)

Subsequent Events (Note 11)

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

GOWEST AMALGAMATED RESOURCES LTD.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF LOSS
(UNAUDITED)
In Canadian dollars

	Three months ended January 31, 2011	Three months ended January 31, 2010
Expenses		
General and administration	**$ 209,444**	$ 130,630
Professional fees	**53,481**	9,944
Reporting to shareholders	**6,427**	26,772
Investor relations	**25,853**	-
Stock option compensation	**62,946**	-
Transfer agent and exchange fees	**8,722**	9,177
Net loss before undernoted	**(366,873)**	(176,523)
Interest income	**-**	4,944
Other income	**-**	132,010
Net loss	**(366,873)**	(39,569)
Basic and diluted loss per share	**$ (0.00)**	$ (0.00)
Weighted average number of shares outstanding		
Basic	**90,501,946**	64,953,887
Diluted	**90,501,946**	64,953,887

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

GOWEST AMALGAMATED RESOURCES LTD.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)
In Canadian dollars

	Three months ended January 31, 2011	Three months ended January 31, 2010
Net loss for the period	**$ (366,873)**	$ (39,569)
Unrealized (loss) gain on securities available-for-sale	**(27,000)**	7,500
Comprehensive loss for the period	**$ (393,873)**	$ (32,069)

GOWEST AMALGAMATED RESOURCES LTD.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE LOSS
(UNAUDITED)
In Canadian dollars

	Three months ended January 31, 2011	Three months ended January 31, 2010
Deficit, beginning of period	**$ (4,911,700)**	$ (3,773,048)
Net loss	**(366,873)**	(39,569)
Deficit, end of period	**$ (5,278,573)**	$ (3,812,617)
Accumulated other comprehensive (loss) income, beginning of period	**$ (75,750)**	$ -
Unrealized (loss) gain on securities available-for-sale	**(27,000)**	7,500
Accumulated other comprehensive (loss) income, end of period	**$ (102,750)**	$ 7,500

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

GOWEST AMALGAMATED RESOURCES LTD.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
In Canadian dollars

	Three months ended January 31, 2011	Three months ended January 31, 2010
Operating activities		
Net loss	**$ (366,873)**	$ (39,569)
Items not affecting cash:		
Amortization	**10,171**	1,235
Stock option compensation	**62,946**	-
	(293,756)	(38,334)
Changes in non-cash working capital items:		
Amounts receivable	**(172,377)**	(28,063)
Prepaid expenses	**(9,322)**	(18,074)
Accounts payable and accrued liabilities	**49,801**	276,536
	(425,654)	192,065
Investing activities		
Deferred expenditures on mineral properties	**(2,269,883)**	(548,264)
Purchase of equipment	**(24,558)**	(26,195)
	(2,294,441)	(574,459)
Financing activities		
Net proceeds from issue of capital stock	**2,750,238**	5,991,137
	2,750,238	5,991,137
Increase in cash and cash equivalents during the period	**30,143**	5,608,743
Cash and cash equivalents, beginning of period	**2,670,902**	186,451
Cash and cash equivalents, end of period	**$ 2,701,045**	$ 5,795,194
CASH AND CASH EQUIVALENTS ARE COMPOSED OF:		
Cash	**$ 129,927**	$ 90,282
Cash equivalents	**$ 2,571,118**	$ 5,704,912
SUPPLEMENT INFORMATION		
Securities received for sale of mineral properties	**$ -**	$ 206,250
Change in mineral properties related to accounts payable	**$ (720,599)**	$ -
Common shares issued for mineral properties	**$ 18,200**	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Gowest Amalgamated Resources Ltd. ("Gowest" or the "Company"), is in the business of exploring mineral properties that it believes contain mineralization that is, or will, in the future, be economically recoverable. To date, the Company has not earned significant revenues from mineral exploration and is considered to be in the development stage as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from dispositions of such properties. Changes in future conditions could require material write-downs of the carrying amounts of mineral properties.

Although the Company has taken steps to verify title to its mineral property interests, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The accompanying unaudited interim consolidated financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of property.

Accordingly, readers are cautioned that these unaudited interim consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate. Changes in future conditions could require material write downs of the carrying value of certain assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the unaudited interim consolidated financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements except as noted below. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the notes to the Company’s audited consolidated financial statements for the year ended October 31, 2010, since they do not contain all disclosures required by GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective unaudited interim periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future accounting changes
In January 2006, the CICA Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that the use of IFRS would be required in 2011 for publicly accountable enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2012 filing, comparative financial statements in accordance with IFRS for the three months ended January 31, 2012. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

3. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be shareholders' equity, which comprises share capital, options, warrants, contributed surplus, deficit and accumulated other comprehensive loss which at January 31, 2011 totaled $9,421,856 (October 31, 2010 - $6,984,345).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iii) exploring alternative sources of liquidity.

3. CAPITAL MANAGEMENT (CONTINUED)

In light of the above, the Company will attempt to develop the Frankfield Gold Project, assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three months ended January 31, 2011.

4. FINANCIAL RISK FACTORS

The Company’s activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(a) Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if the Company’s access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As of January 31, 2011, the Company has cash and cash equivalents of $2,701,045 (October 31, 2010 - $2,670,902) to settle current liabilities of $225,764 (October 31, 2010 - $896,562).

The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

(b) Market risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, prices and foreign exchange rates.

Currency risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

4. FINANCIAL RISK FACTORS (CONTINUED)

(b) (continued) Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to interest rate fluctuations as a result of cash equivalents being invested in interest-bearing instruments. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks. Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates.

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company's investments in Crown Minerals Inc. ("Crown Minerals") is subject to fair value fluctuations arising from changes in the equity and commodity markets.

(c) Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with a reputable financial institution, from which management believes the risk of loss to be minimal.

Financial instruments included in amounts receivable consist of sales tax receivable from government authorities in Canada. All amounts receivable are in good standing as of January 31, 2011. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is low.

(d) The carrying value of cash equivalents, amounts receivable, and accounts payable and accrued liabilities reflected in the consolidated balance sheet approximate fair value because of the limited term of these instruments. The carrying value of the long-term investment approximates fair value as it is an available-for-sale financial instrument.

4. FINANCIAL RISK FACTORS (CONTINUED)

(d) (continued) The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at January 31, 2011:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents:				
- Cash	-	129,927	-	129,927
- Cash equivalents	-	2,571,118	-	2,571,118
	-	2,701,045	-	2,701,045
Long-term investments:				
- Investment in a public company	82,500	21,000	-	103,500
	82,500	2,722,045	-	2,804,545

(e) Based on the cash and cash equivalent balance at January 31, 2011, a 1% change in interest rates would result in a corresponding interest income change of approximately $6,400 over a three month period.

5. PROPERTY, PLANT AND EQUIPMENT

			January 31, 2011	October 31, 2010
	Cost	**Accumulated Amortization**	**Net book Value**	**Net book Value**
	$	$	$	$
Computer equipment	6,536	1,505	5,031	5,439
Furniture and fixtures	23,617	3,366	20,251	21,373
Vehicles	94,101	23,050	71,051	51,258
Software	51,676	3,876	47,800	51,676
	175,930	31,797	144,133	129,746

6. LONG-TERM INVESTMENTS

Investment	Cost	Write-down	Other comprehensive income adjustment	January 31, 2011 fair value	October 31 2010 fair value
	$	$	$	$	$
Crown Minerals Inc.					
- common shares (1)	115,500	-	(33,000)	82,500	82,500
- warrants (2)	90,750	-	(69,750)	21,000	48,000
	206,250	-	(102,750)	103,500	130,500

(1) 750,000 common shares of Crown; and
(2) 750,000 warrants of Crown - $0.25 per share (December 4, 2011).

7. MINERAL PROPERTIES

January 31, 2011	Acquisition Cost	Deferred Exploration	Option Payments Received,	Net Book Value
	$	$	$	$
Frankfield Ontario	1,225,000	5,718,076	-	6,943,076
Whitney Township, Ontario (2)	16,800	60,768	(77,568)	-
Dowe Property, Ontario (1)	34,200	-	-	34,200
	1,276,000	5,778,844	(77,568)	6,977,276

October 31, 2010	Acquisition Cost	Deferred Exploration	Option Payments Received,	Net Book Value
	$	$	$	$
Frankfield Ontario	1,225,000	4,184,792	-	5,409,792
Whitney Township, Ontario	16,800	60,768	(77,568)	-
	1,241,800	4,245,560	(77,568)	5,409,792

On a quarterly basis, management of the Company review exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization.

For a description of the mineral properties owned by the Company, refer to Note 7 of the audited consolidated financial statements as at October 31, 2010. Specific changes to mineral properties that occurred from November 1, 2010 to January 31, 2011 are as follows:

(1) On December 1, 2010, the Company announced that it had completed its acquisition of a 100% interest in the Dowe property in Tully Township adjacent to the Company's 100% owned Frankfield Gold Project. In consideration for this acquisition, the Company paid $16,000 in cash, issued 70,000 common shares (valued at $18,200) of the Company and agree to a 0.50% royalty at gold prices of less than US$950 per ounce or 0.75% royalty at gold prices equal to or greater than US$950 per ounce. The Company maintains an NSR buyout option valued at $125,000 for each 0.25% of the desired NSR.

(2) On January 6, 2011, the option agreement the Company entered into with Crown Minerals on November 20, 2009 to acquire 100% interest in 5 patented claims in Whitney Township was terminated and the ownership has reverted back to the Company.

8. SHARE CAPITAL

(a) Authorized capital

The number of authorized common shares is unlimited
1,500,000 special shares, redeemable, voting, non-participating

(b) Issued common shares

	No. of Shares	Amount
Balance, October 31, 2010	84,075,911	$ 7,609,938
Private placements [1]	9,379,837	2,579,455
Exercise of warrants	2,530,357	399,429
Fair value of warrants exercised	-	82,014
Exercise of stock options	200,000	36,000
Fair value of stock options exercised	-	28,200
Share issue costs [1]	-	(242,146)
Shares issued for mineral property [2]	70,000	18,200
Balance, January 31, 2011	96,256,105	$ 10,511,090

[1] On December 22, 2010, the Company completed a brokered private placement (the "Offering") for aggregate gross proceeds of $2,579,455. Pursuant to the Offering, the Company issued and sold a total of 9,379,837 flow-through common shares of the Company. Share issue costs for the Offering amounted to $242,146.

[2] On December 1, 2010, the Company issued 70,000 common shares of the Company for its acquisition of a 100% interest in the Dowe property in Tully Township (See Note 7).

(c) Stock Options

The following table reflects the continuity of options for the three months ended January 31, 2011:

	Number of options	Weighted average exercise price ($)
Balance, October 31, 2010	5,685,000	0.22
Granted [1]	350,000	0.31
Exercised	(200,000)	0.18
Balance, January 31, 2011	5,835,000	0.23

8. SHARE CAPITAL (CONTINUED)

(c) Stock Options (continued)

(1) On November 3, 2010, the Company issued incentive stock options to consultants of the Company, totaling 250,000 options exercisable at $0.24 per common share with an expiry date of November 3, 2015. The fair value of the 250,000 was estimated to be $56,000 on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 161.21%; risk-free interest rate of 2.34% and an expected life of 5 years. The estimated value of $56,000 was classified as stock option compensation on the statement of the operations and credited to stock options.

On November 22, 2010, the Company issued incentive stock options to a investor relations consultant of the Company, totaling 100,000 options exercisable at $0.50 per common share with an expiry date of November 22, 2013. The fair value of the 100,000 was estimated to be $20,000 on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 179.35%; risk-free interest rate of 1.57% and an expected life of 3 years. The estimated value of $6,946 was classified as stock option compensation on the statement of the operations and credited to stock options.

The weighted average fair value on the grant date, of options granted during the three months ended January 31, 2011, was $0.22.

The following table reflects the actual options issued and outstanding as of January 31, 2011:

Expiry Date	Exercise price ($)	Number of Options Outstanding	Number of Options Vested	Number of Unvested Options
July 14, 2011	0.18	125,000	125,000	-
April 26, 2012	0.20	200,000	200,000	-
October 12, 2012	0.16	100,000	100,000	-
November 22, 2012	0.20	100,000	100,000	-
May 1, 2013	0.15	395,000	395,000	-
July 1 ,2013	0.15	100,000	100,000	-
August 5, 2013	0.15	370,000	370,000	-
November 22, 2013	0.50	100,000	-	100,000
June 24, 2014	0.15	1,845,000	1,845,000	-
August 1, 2014	0.15	100,000	100,000	-
February 22, 2015	0.32	2,150,000	2,150,000	-
November 3, 2015	0.24	250,000	250,000	-
		5,835,000	5,735,000	100,000

8. SHARE CAPITAL (CONTINUED)

(d) Common share warrants

The following table reflects the continuity of warrants for the three months ended January 31, 2011:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, October 31, 2010	26,547,945	0.28
Exercised	(2,530,357)	0.16
Expired	(75,000)	0.15
Balance, January 31, 2011	23,942,588	0.30

The following table reflects the actual warrants issued and outstanding as of January 31, 2011:

Number of Warrants	Exercise Price ($)	Grant date fair Value ($)	Expiry Date
21,833,812 (1)	0.30	1,660,671	December 17, 2011
868,410 (2)	0.18	115,803	June 17, 2011
1,240,366 (1)	0.30	164,969	December 17, 2011
23,942,588		1,941,443	

(1) In the event that the closing price of the common shares of the Company listed on the TSX Venture Exchange is greater than $0.40 for a period of 20 consecutive trading days at any time after closing, the Company may, at its option, accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire 30 days thereafter.

(2) Each agent's warrant will be exercisable to acquire one unit at a price of $0.18 for period of 18 months following the closing date of the offering.

(e) Contributed surplus

	Three Months ended January 31, 2011 ($)	Year ended October 31, 2010 ($)
Balance, beginning of the period	1,279,256	1,141,100
Expiry of options and warrants, reallocation of valuation	2,250	138,156
Balance, end of the period	1,281,506	1,279,256

9. RELATED PARTY TRANSACTIONS

During the three months ended January 31, 2011, the Company paid to an officer for consulting services in the amount of $20,000 (three months ended January 31, 2010 - $7,000).

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

Under the Offering that closed on December 22, 2010, a director and two officers of the Company subscribed for a total of 586,000 flow-through common shares.

10. COMMITMENTS AND CONTINGENCIES

The Company is party to a management contract. The contract contains clauses requiring additional payments of up to $300,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of theses events taking place is not determinable, the contingent payment has not been reflected in these consolidated financial statements.

The Company is committed to minimum amounts under an operating lease agreement, which expires September 29, 2013. Minimum commitments remaining under this lease were approximately $52,000 including $18,000 due within one year.

The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

11. SUBSEQUENT EVENTS

On February 25, 2011, the Company granted a total of 2,575,000 options to purchase common shares of the Company to directors, officers and consultants at an exercise price of $0.325 per share, expiring on February 25, 2016.

In February 2011, a total of 133,181 warrants with an expiry date of December 17, 2011, were exercised for cash proceeds of $39,954.

In December 2010, the Company issued and sold a total of 9,379,837 flow-through common shares of the Company. Pursuant to the issuance of these shares the Company renounced $2,579,455 of qualified exploration expenditures with an effective date of December 31, 2010 in February 2011.

As of January 31, 2011, the Company had expended $210,523 related to these flow through funds and is required to expend the balance of $2,368,932 by December 31, 2011. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.