GOWEST AMALGAMATED RESOURCES LTD.

(A development stage company)

Interim Consolidated Financial Statements

(Unaudited)

Three and six months ended April 30, 2010

(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, 2009 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)

	April 30, 2010	October 31, 2009
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**4,492,759**	186,451
Accounts receivable	**98,886**	8,097
Prepaid expenses	**38,846**	9,610
	4,630,491	204,158
Long-term investments (Note 6)	**159,750**	-
Property, plant and equipment (Note 5)	**27,088**	3,363
Mineral properties (Note 7)	**3,272,828**	1,943,974
	8,090,157	2,151,495
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**218,040**	41,804
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**4,527,143**	4,158,882
Options (Note 9)	**1,121,277**	464,471
Warrants (Note 10)	**4,366,525**	118,286
Contributed surplus	**1,192,373**	1,141,100
Deficit	**(3,288,701)**	(3,773,048)
Accumulated other comprehensive loss	**(46,500)**	**-**
	7,872,117	2,109,691
	8,090,157	2,151,495

See accompanying notes to unaudited interim consolidated financial statements

Nature of operations and going concern (Note 1)
Commitment (Note 13)
Subsequent Events (Note 14)

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

	Three months ended April 30, 2010	Three months ended April 30, 2009	Six Months ended April 30, 2010	Six Months ended April 30, 2009	Cumulative from inception on November 1, 1985
	$	$	$	$	$
Revenue					
Interest income	**8,978**	-	**13,922**	-	546,697
Dividend income	**-**	-	**-**	-	33,419
	8,978	-	**13,922**	-	580,116
Expenses					
General and administration	**148,579**	22,180	**279,209**	75,963	1,739,844
Professional fees	**20,912**	(20,204)	**30,856**	2,748	396,579
Reporting to shareholders	**19,141**	9,874	**45,913**	13,382	294,388
Stock option compensation	**708,079**	-	**708,079**	-	1,375,117
Transfer agent and exchange fees	**6,401**	670	**15,578**	6,791	205,891
General exploration	**-**	-	**-**	10,944	271,038
	903,112	12,520	**1,079,635**	109,828	4,282,857
Net loss before undernoted	**(894,134)**	(12,520)	**(1,065,713)**	(109,828)	(3,702,741)
Write-down of mineral properties	**-**	-	**-**	-	(4,909,452)
Other income	**16,307**	-	**148,317**	-	3,852,597
Net loss before income taxes	**(877,827)**	(12,520)	**(917,396)**	(109,828)	(4,759,596)
Future income taxes recovered	**(1,401,743)**	-	**(1,401,743)**	-	(2,190,695)
Net income (loss)	**523,916**	(12,520)	**484,347**	(109,828)	(2,568,901)
Basic and diluted income (loss) per share	**0.01**	(0.00)	**0.01**	(0.00)	
Weighted average number of shares outstanding					
- basic	**81,364,588**	33,819,886	**72,925,245**	29,299,338	
- diluted	**85,280,656**	33,819,886	**75,959,219**	29,299,338	

See accompanying notes to unaudited interim consolidated financial statements

GOWEST AMALGAMATED RESOURCES LTD.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS'S EQUITY
(UNAUDITED)

	Three months ended April 30, 2010	Three months ended April 30, 2009	Six Months ended April 30, 2010	Six Months ended April 30, 2009
	$	$	$	$
Share capital				
Balance, beginning of period	**4,479,478**	2,801,789	**4,158,882**	2,801,789
Private placements (Note 8)	**-**	-	**6,572,690**	-
Fair value of warrants issued (Note 8)	**(2,418)**	-	**(4,271,216)**	-
Share issue costs	**(72,507)**	(63,780)	**(654,060)**	(63,780)
Flow-through renunciation	**-**	-	**(1,401,743)**	-
Shares issued for acquisition of mineral property	**-**	900,000	**-**	900,000
Warrants exercised	**99,613**	-	**99,613**	-
Fair value of warrants exercised	**22,977**	-	**22,977**	-
Balance, end of period	**4,527,143**	3,638,009	**4,527,143**	3,638,009
Options				
Balance, beginning of period	**413,198**	371,277	**464,471**	371,277
Fair value of expired options	**-**	(10,156)	**(51,273)**	(10,156)
Fair value of options issued (Note 9)	**708,079**	-	**708,079**	-
Balance, end of period	**1,121,277**	361,121	**1,121,277**	361,121
Warrants				
Balance, beginning of period	**4,387,084**	-	**118,286**	306,942
Fair value of warrants issued (Note 8)	**2,418**	-	**4,271,216**	-
Fair value of expired warrants	**-**	-	**-**	(306,942)
Fair value of warrants exercised	**(22,977)**	-	**(22,977)**	-
Balance, end of period	**4,366,525**	-	**4,366,525**	-
Contributed surplus				
Balance, beginning of period	**1,192,373**	1,046,354	**1,141,100**	739,412
Fair value of expired warrants	**-**	-	**-**	306,942
Fair value of expired options	**-**	10,156	**51,273**	10,156
Balance, end of period	**1,192,373**	1,056,510	**1,192,373**	1,056,510

See accompanying notes to unaudited interim consolidated financial statements

GOWEST AMALGAMATED RESOURCES LTD.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS'S EQUITY
(UNAUDITED)

	Three months ended April 30, 2010	Three months ended April 30, 2009	Six Months ended April 30, 2010	Six Months ended April 30, 2009
	$	$	$	$
Deficit				
Balance, beginning of period	**(3,812,617)**	(3,032,609)	**(3,773,048)**	(2,935,301)
Net income (loss)	**523,916**	(12,520)	**484,347**	(109,828)
Balance, end of period	**(3,288,701)**	(3,045,129)	**(3,288,701)**	(3,045,129)
Accumulated other comprehensive loss				
Balance, beginning of period	**7,500**	**-**	**-**	-
Unrealized loss on securities available-for-sale	**(54,000)**	-	**(46,500)**	-
Balance, end of period	**(46,500)**	**-**	**(46,500)**	-
Total Shareholders' Equity	**7,872,117**	2,010,511	**7,872,117**	2,010,511

See accompanying notes to unaudited interim consolidated financial statements

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

	Three months ended April 30, 2010	Three months ended April 30, 2009	Six Months ended April 30, 2010	Six Months ended April 30, 2009	Cumulative from inception on November 1, 1985
	$	$	$	$	$
Net income (loss)	**523,916**	(12,520)	**484,347**	(109,828)	(2,568,901)
Unrealized loss on securities available-for-sale	**(54,000)**	-	**(46,500)**	-	(15,701)
Reclassification of gains on securities available-for-sale	**-**	-	**-**	-	(74,799)
	(54,000)	-	**(46,500)**	-	(90,500)
Comprehensive income (loss)	**469,916**	(12,520)	**437,847**	(109,828)	(2,659,401)

See accompanying notes to unaudited interim consolidated financial statements

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

	Three months ended April 30, 2010	Three months ended April 30, 2009	Six Months ended April 30, 2010	Six Months ended April 30, 2009	Cumulative from inception on November 1, 1985
	$	$	$	$	$
Cash Provided By (Used In) Operations					
Net income (loss)	**523,916**	(12,520)	**484,347**	(109,828)	(2,568,901)
Items not involving cash:					
Gain on sale of Detour Lake West Property	-	-	-	-	(4,891,929)
Loss on disposition of common shares of Trade Winds Ventures Inc.	-	-	-	-	1,354,948
Write-down of mineral property	-	-	-	-	4,490,797
Future income taxes (recovered)	**(1,401,743)**	-	**(1,401,743)**	-	(2,190,695)
Amortization	**1,235**	-	**2,470**	-	27,582
Write-down of investment	-	-	-	-	39,999
Write-down of marketable securities	-	-	-	-	221,866
Stock option compensation	**708,079**	-	**708,079**	-	1,375,117
Gain on disposal of marketable securities	-	-	-	-	(429,164)
	(168,513)	(12,520)	**(206,847)**	(109,828)	(2,570,380)
Changes in non-cash working capital:					50,018
Accounts receivable	**(62,726)**	25,392	**(90,789)**	16,636	
Accounts payable and accrued liabilities	**(100,300)**	(56,771)	**176,236**	68,733	
Prepaid expenses	**(11,162)**	(9,317)	**(29,236)**	(40,835)	
	(342,701)	(53,216)	**(150,636)**	(65,294)	(2,520,362)
Investing					
Deferred expenditures on mineral properties	**(986,840)**	(11,773)	**(1,535,104)**	(164,581)	(7,257,736)
Proceeds of marketable securities	-	-	-	-	184,589
Purchase of equipment	-	-	**(26,195)**	-	(30,151)
	(986,840)	(11,773)	**(1,561,299)**	(164,581)	(7,103,298)
Financing					
Return of capital costs	-	-	-	-	(26,475)
Net proceeds from issue of capital stock	**27,106**	(63,780)	**6,018,243**	(63,780)	13,981,152
	27,106	(63,780)	**6,018,243**	(63,780)	13,954,677
Net change in cash	**(1,302,435)**	(128,769)	**4,306,308**	(293,655)	
Cash and cash equivalents, beginning of period	**5,795,194**	198,471	**186,451**	363,357	
Cash and cash equivalents, end of period	**4,492,759**	69,702	**4,492,759**	69,702	

See accompanying notes to unaudited interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Gowest Amalgamated Resources Ltd. ("Gowest" or the "Company"), directly and through joint ventures, 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.

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.

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, 2009, 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.

Vehicle
Vehicles are recorded at cost. Amortization is calculated using the declining balance method at 30% per year. For vehicles purchased in the current period, amortization is recorded at one half of the stated rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting changes
In January 2006, the Canadian Institute of Chartered Accountants (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 profit-oriented 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, 2011. 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 and deficit which at April 30, 2010 totaled $7,872,117 (October 31, 2009 - $2,109,691).

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 and six months ended April 30, 2010.

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 April 30, 2010, the Company has cash and cash equivalents of $4,492,759 (October 31, 2009 - $186,451) to settle current liabilities of $218,040 (October 31, 2009 - $41,804).

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

The Company is also committed to incurring approximately $3,466,000 in Canadian exploration expenditures by December 31, 2010. The Company intends to fulfill all flow-through commitments.

All of the Company's financial liabilities 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 periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks.

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 accounts 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 accounts receivable consist of sales tax receivable from government authorities in Canada. All accounts receivable are in good standing as of April 30, 2010. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is low.

(d) In June 2009, the CICA amended Section 3862, Financial Instruments - Disclosures ("Section 3862"), to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy under Section 3862 are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at April 30, 2010:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents:				
- Cash	138,868	-	-	138,868
- Cash equivalents	4,353,891	-	-	4,353,891
	4,492,759	-	-	4,492,759
Long-term investments:				
- Investment in a public company	82,500	-	77,250	159,750
	4,575,259	-	77,250	4,652,509

4. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis

As at April 30, 2010, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

The sensitivity analysis shown in the notes below may differ materially from actual results.

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible" over a six months period:

(i) The Company's cash equivalents are subject to fixed interest rates at maturity. Management believes interest rate risk is minimal.

(ii) The Company's long-term investments amounting to $159,750 are subject to fair value fluctuations. As at April 30, 2010, if the fair value of the Company's long-term investments had decreased/increased by 100% with all other variables held constant, comprehensive loss for the six months ended April 30, 2010 would have been approximately $160,000 higher/lower. Similarly, as at April 30, 2010, reported shareholders' equity would have been approximately $160,000 lower/higher as a result of the 100% decrease/increase in the fair value of the Company's long-term investments.

5. PROPERTY, PLANT AND EQUIPMENT

		April 30, 2010		October 31, 2009
	Cost	**Accumulated Amortization**	**Net book Value**	Net book Value
	$	$	$	$
Computer equipment	**3,956**	**1,098**	**2,858**	3,363
Vehicle	**26,195**	**1,965**	**24,230**	-
	30,151	**3,063**	**27,088**	3,363

6. LONG-TERM INVESTMENTS

Investment	Cost	Write-down	Other comprehensive income adjustment	April 30, 2010 fair value
	$	$	$	$
Crown Minerals Inc.				
- common shares [1]	115,500	-	(33,000)	82,500
- warrants [2]	90,750	-	(13,500)	77,250
	206,250	-	(46,500)	159,750

[1] 750,000 common shares of Crown;
[2] 750,000 warrants of Crown - $0.15 per share within the first six months after date of issue (December 4, 2009 to June 4, 2010); $0.20 per share within the second six months after date of issue (June 5, 2010 to December 4, 2010); and $0.25 per share in the second year after the date of issue (June 5, 2010 to December 4, 2011).

7. MINERAL PROPERTIES

April 30, 2010	Opening Balance	Acquisition	Exploration	Option Payments Received, net	Ending Balance
	$	$	$	$	$
Frankfield Joint Venture, Ontario (a)	1,866,406	50,000	1,356,422	-	3,272,828
Whitney Township, Ontario (b)	77,568	-	6,665	(84,233)	-
	1,943,974	50,000	1,363,087	(84,233)	3,272,828

7. MINERAL PROPERTIES (continued)

October 31, 2009	Opening Balance	Acquisition	Exploration	Option Payments Received, net	Ending Balance
	$	$	$	$	$
Frankfield Joint Venture, Ontario	649,820	900,000	316,586	-	1,866,406
Whitney Township, Ontario	77,256	-	312	-	77,568
	727,076	900,000	316,898	-	1,943,974

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 6 of the audited consolidated financial statements as at October 31, 2009. Specific changes to mineral properties that occurred from November 1, 2009 to April 30, 2010 are as follows:

(a) On December 23, 2009, the Company announced it had entered into a definitive agreement with Goldcorp Canada Ltd. ("Goldcorp"), manager of the Porcupine Gold Mines Joint Venture ("PJV"), and Goldcorp Inc., for the purchase of all Goldcorp's properties in Tully Township adjacent to the Company's 100% owned Frankfield Project.

In consideration for this acquisition is a 2% royalty to purchase the net smelter returns ("NSR") derived from future production specifically from the Leased Claims, a 1% royalty on the NSR derived from future production specifically from the Staked Claims and $100,000 in cash ($50,000 paid). The Company will maintain an NSR buyout option for both the Leased Claims and Staked Claims valued at $500,000 for each 0.5% of the desired NSR. Goldcorp may elect not to sell the final 0.5% portion of its NSR.

The transaction was completed on February 12, 2010.

7. MINERAL PROPERTIES (continued)

(b) On November 25, 2009, Crown Minerals Inc. ("Crown") entered into an option agreement with the Company to acquire 100% interest in 5 patented claims in Whitney Township.

In consideration for the claims, Crown paid $20,000 in cash and issued 750,000 shares (valued at $115,500) and 750,000 warrants (valued at $90,750) to the Company. Crown will be required to incur $400,000 in exploration expenditures for the period ending December 31, 2010. Each warrant will entitle the Company to purchase one common share of Crown for $0.15 within the first six months after date of issue, for $0.20 within the second six months after date of issue, and $0.25 in the second year after date of issue. The Company will retain a 2% net smelter returns royalty when the gold price is $950 per ounce or less, and 3% when the gold price is greater than $950 per ounce. Crown has the right to purchase 1% of the 3% of this royalty by paying Gowest $1,000,000 and then a further right to reduce the royalty to a 1% net smelter returns royalty regardless of the price of gold by paying the Company another $1,000,000. The Company shall maintain and hold a minimum 1.0% NSR at all times.

The carrying value of Whitney Township was reduced by option proceeds received, net of costs. The excess over the property cost and deferred exploration expenditures was included in the statement of loss.

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, 2009	49,164,504	$ 4,158,882
Private placements (1)(3)	32,017,359	6,572,690
Fair value of warrants issued (1)	-	(4,271,216)
Share issue costs	-	(654,060)
Flow-through renunciation (2)	-	(1,401,743)
Warrants exercised	653,182	99,613
Fair value of warrants exercised	-	22,977
Balance, April 30, 2010	81,835,045	$ 4,527,143

(1) On December 17, 2009, the Company completed a private placement for aggregate gross proceeds of $6,572,690.

Pursuant to the Offering, the Company issued and sold: (i) 11,778,278 units of the Company (the "Units"), at a price of 0.18 per Unit, with each Unit being comprised of one common share of the Company and one common share purchase warrant (a "Warrant"); and (ii) 20,239,081 units of the Company (the "FT Units"), at a price of 0.22 per FT Unit, with each FT Unit being comprised of one "flow-through" common share of the Company and one-half of one Warrant.

8. SHARE CAPITAL (continued)

(b) Issued common shares (continued)

(1) (continued) Upon closing, the agent and members of the selling group received cash commissions of up to 8% of the gross proceeds of the offering and warrants (the "Agent's Warrants") equal to up to 8% of the aggregate number of Units and FT Units sold under the offering. 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.

Each Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.30 for a period of 24 months following the closing date of the Offering. 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.

The grant date fair value of $3,897,810 was assigned to the 21,897,812 warrants issued as part of the private placement as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 210%, risk-free rate of return 1.28% and an expected maturity of 2 years.

The grant date fair value of $370,988 was assigned to the 2,234,867 Agent Warrants issued using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 193%, risk-free rate of return 1.28% and an expected maturity of 18 months.

(2) Pursuant to the terms of the flow-through share agreements, the tax attributes of the related expenditures were renounced to subscribers with an effective date of December 31, 2009. As a result, the Company was required to recognize a foregone tax benefit of $1,401,743 at the time of renouncement.

(3) During the period presented, 9,091 Agent Warrants were exercised for cash proceeds of $1,636. As a result, 9,091 Warrants were issued with an exercise price of $0.30 and expiry date of December 17, 2011. The grant date fair value of $2,418 was assigned to the 9,091 Warrants using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 214%, risk-free rate of return 1.14% and an expected maturity of 22 months.

9. OPTIONS

The following table reflects the continuity of options for the six months ended April 30, 2010:

	Number of options	Weighted average exercise price ($)
Balance, October 31, 2009	3,905,000	0.17
Expired	(200,000)	0.35
Granted [(a)]	2,350,000	0.32
Balance, April 30, 2010	6,055,000	0.22

[(a)] On February 22, 2010, the Company issued incentive stock options to directors, officers and consultants of the Company, totaling 2,350,000 options exercisable at $0.32 per common share with a expiry date of February 22, 2015. The fair value of the 2,350,000 options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 166.67%; risk-free interest rate of 2.58% and an expected life of 5 years. The estimated value of $708,079 was classified as stock option compensation and credited to stock options.

The following table reflects the actual options issued and outstanding as of April 30, 2010:

Expiry Date	Exercise price ($)	Number of Options Outstanding	Number of Options Vested	Number of Unvested Options
June 7, 2010	0.25	120,000	120,000	-
July 14, 2011	0.18	325,000	325,000	-
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	-
June 24, 2014	0.15	1,895,000	1,895,000	-
August 1, 2014	0.15	100,000	100,000	-
February 22, 2015	0.32	2,350,000	2,350,000	-
		6,055,000	6,055,000	-

10. WARRANTS

The following table reflects the continuity of warrants for the six months ended April 30, 2010:

	Number of Warrants	Fair value ($)
Balance, October 31, 2009	3,942,857	118,286
Granted (Note 8(b)(1)(3))	24,141,770	4,271,216
Exercised	(653,182)	(22,977)
Balance, April 30, 2010	27,431,445	4,366,525

10. WARRANTS (continued)

The following table reflects the actual warrants issued and outstanding as of April 30, 2010:

Number of Warrants	Exercise Price ($)	Grant date fair Value ($)	Expiry Date
3,307,857	0.15	99,236	November 11, 2010
21,897,812	0.30	3,897,810	December 17, 2011[(1)]
2,225,776	0.18	369,479	June 17, 2011[(2)]
27,431,445		4,366,525	

[(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.

11. RELATED PARTY TRANSACTIONS

For the three and six months ended April 30, 2010 the Company paid $nil (three and six months ended April 30, 2009, $15,815 and $28,455 respectively) for geological services provided historically to the Company by a private company controlled by a former director.

During the three and six months ended April 30, 2010, the Company paid directors and officers for consulting services in the amount of $9,000 and $16,000, respectively (three and six months ended April 30, 2009 - $3,000 and $6,000, respectively).

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 private placement that closed on December 17, 2009, 250,000 Units were subscribed for by Greg Romain, the director, President and Chief executive Officer of the Company; Fraser Elliot, a director and Chair of the Company, subscribed for 340,909 FT Units and 416,667 Units; and Ewan Mason, a director of the Company, subscribed for 454,545 FT Units.

Share issue costs of $50,000 were paid to a director of the Company.

12. SEGMENTED INFORMATION

The Company's operations involve the acquisition, exploration and development of mining properties, both independently and through unincorporated joint ventures with other mining companies. During the period, the Company was engaged in mining exploration activities exclusively in Canada. Working capital balances are retained in Canada.

13. COMMITMENT

Flow-through common shares require the Company to pay an amount equivalent to the proceeds of the issue on prescribed resource expenditures. If the Company does not incur the committed resource expenditures, it will be required to indemnify the holders of the shares for any tax and other costs payable by them as a result of the Company not making the required resource expenditures. As at April 30, 2010, the Company's remaining commitment with respect to unspent resource expenditures under flow-through common share agreements is approximately $3,466,000. The Company has until December 31, 2010 to spend these funds.

14. SUBSEQUENT EVENTS

On May 25, 2010, 117,000 agent warrants with an exercise price of $0.18 were exercised for cash proceeds of $21,060. The Company also issued 117,000 warrants with an exercise price of $0.30 to expire on December 17, 2011.