Pacific Ridge Exploration Ltd.

(An Exploration Stage Company)

Condensed Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

Notice to Reader

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of theses condensed financial statements.

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Condensed Statement of Financial Position
(Unaudited, expressed in Canadian dollars)

			June 30, 2011		December 31, 2010 (Note 11)
Assets					
Current assets					
Cash and cash equivalents		$	3,688,910	$	4,830,077
Other receivables			55,872		37,583
Prepaid			30,000		17,375
			3,774,782		4,885,035
Equipment	Note 4		46,896		55,172
Resource properties	Note 5		868,799		604,493
Reclamation bond			10,000		10,000
		$	4,700,477	$	5,554,700
Liabilities					
Current liabilities					
Trade payable and accrued liabilities		$	412,155	$	144,534
Shareholders' Equity					
Share capital	Note 6		40,026,731		39,593,241
Contributed surplus			2,975,186		2,920,733
Deficit			(38,713,595)		(37,103,808)
			4,288,322		5,410,166
		$	4,700,477	$	5,554,700

Nature of Operations (Note 1)
Subsequent Events (Note 10)

Approved on behalf of the Board of Directors:

"John S. Brock" (signed)
John S. Brock

"Douglas Proctor"(signed)
Douglas Proctor

(The accompanying notes are an integral part of these condensed interim financial statements)

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Condensed Statement of Loss and Comprehensive Loss
(Unaudited, expressed in Canadian dollars)

		Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Administration expenses					
Depreciation		$ 4,138	$ 2,815	$ 8,276	$ 3,602
Insurance		11,600	7,790	23,190	23,705
Professional fees		10,833	16,699	16,974	20,524
Management and administrative services		40,883	23,072	84,034	56,996
Office operations and facilities		32,609	29,995	60,683	61,352
Shareholder communications and investor relations		74,355	16,186	137,051	30,124
Transfer agent and regulatory fees		9,629	14,740	23,521	21,579
Operating expenses		184,047	111,297	353,729	217,882
Other expenses (income)					
Exploration and evaluation costs	Note 5	933,192	282,996	1,129,350	351,208
Impairment		-	54,573	-	54,573
Interest		(4,058)	2,199	(8,266)	5,058
Government grant		-	-	(14,889)	-
Share-based payments	Note 7	28,889	-	149,863	196,594
		958,023	339,768	1,256,058	607,433
Loss and comprehensive loss for the period		$ (1,142,070)	$ (451,065)	$ (1,609,787)	$ (825,315)
Basic and diluted loss per common share		$ (0.02)	$ (0.02)	$ (0.03)	$ (0.03)
Weighted average number of common shares outstanding		53,756,843	25,972,756	53,232,066	25,972,756

(The accompanying notes are an integral part of these condensed interim financial statements)

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Condensed Statement of Cash Flows
(Unaudited, expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2011	**2010**	**2011**	**2010**
Cash flows used in operating activities				
Loss for the period	$ (1,142,070)	$ (451,065)	$ (1,609,787)	$ (825,315)
Items not affecting cash				
Depreciation	4,138	2,815	8,276	3,602
Impairment	-	54,573	-	54,573
Share-based payments	28,889	-	149,863	196,594
	(1,109,043)	(393,677)	(1,451,648)	(570,546)
Changes in non-cash working capital items				
Other receivables	(36,951)	(13,281)	(18,289)	38,500
Prepaid	(30,000)	-	(12,625)	7,500
Trade payable and accrued liabilities	304,145	105,782	267,621	110,194
	237,194	92,501	236,707	156,194
	(871,849)	(301,176)	(1,214,941)	(414,352)
Cash flows used in investing activities				
Resource property acquisition costs	(177,306)	(13,178)	(177,306)	(13,178)
Equipment	-	(54,276)	-	(54,276)
	(177,306)	(67,454)	(177,306)	(67,454)
Cash flows from financing activities				
Proceeds from warrant exercises	116,734	-	251,080	-
	116,734	-	251,080	-
Decrease in cash and cash equivalents	(932,421)	(368,630)	(1,141,167)	(481,806)
Cash and cash equivalents - beginning of period	4,621,331	851,538	4,830,077	964,714
Cash and cash equivalents - end of period	$ 3,688,910	$ 482,908	$ 3,688,910	$ 482,908
Supplemental cash flow information				
Interest received	$ -	$ -	$ -	$ 18,187
Shares issued for property	$ 87,000	$ -	$ 87,000	$ -
Resource property expenditures included in accounts payable	$ -	13,178	$ -	$ 13,178

(The accompanying notes are an integral part of these condensed interim financial statements)

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Condensed Statement of Changes in Shareholders' Equity
Unaudited, expressed in Canadian dollars)

	Common Shares										
	Shares		Amount		Warrants		Contributed Surplus		Deficit		Total Shareholders' Equity
Balance at December 31, 2009	25,972,576	$	34,021,981	$	117,282	$	2,254,913	$	(35,030,138)	$	1,364,038
Share-based payments	-		-		-		196,594		-		196,594
Net loss for the period	-		-		-		-		(825,315)		(825,315)
Balance at June 30, 2010	25,972,576	$	34,021,981	$	117,282	$	2,451,507	$	(35,855,453)	$	735,317
Balance at December 31, 2010	52,269,911	$	39,593,241	$	506,312	$	2,414,421	$	(37,103,808)	$	5,410,166
Share purchase warrants exercised	1,673,868		346,490		(95,410)		-		-		251,080
Share issued for properties	300,000		87,000								87,000
Share-based payments	-		-		-		149,863		-		149,863
Net loss for the period	-		-		-		-		(1,609,787)		(1,609,787)
Balance at June 30, 2011	54,243,779	$	40,026,731	$	410,902	$	2,564,284	$	(38,713,595)	$	4,288,322

(The accompanying notes are an integral part of these condensed interim financial statements)

1. Nature of operations

Pacific Ridge Exploration Ltd. (the "Company" or "Pacific Ridge") is in the business of acquiring and exploring resource properties in Canada. Pacific Ridge is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia). The address of its registered office is 950 – 1100 West Hastings Street, Vancouver, British Columbia.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance the operations and contribution from future joint venture partners.

The condensed interim financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As of June 30, 2011, the Company had an accumulated deficit of $38,713,595 (December 31, 2010 - $37,103,808) and had approximately $1.46 million flow-through exploration expenditures commitment to be spent by the end of 2011. The Company has prepared a cash flow forecast for 2011 and believes that it has sufficient funds to continue operations for at least next twelve months.

2. Basis of presentation and adoption of International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these interim financial statements. In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") and IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS1"). They do not include all of the information required for full annual financial statements.

Subject to certain transition elections disclosed in note 11, the Company has consistently applied the same accounting policies in its opening IFRS Statement of Financial Position at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 11 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended December 31, 2010.

These interim financial statements are presented in Canadian dollars, which is the Company's functional currency. They should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010.

2. Basis of presentation and adoption of International Financial Reporting Standards ("IFRS"), continued

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of August 18, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2011 could result in a restatement of these interim financial statements, including the transition adjustments recognized on conversion to IFRS.

3. Significant accounting polices

The significant accounting policies used in the preparation of these condensed interim financial statements are described below.

a) Cash and cash equivalents

Cash and cash equivalents include high-liquid investments that are readily convertible to known amounts of cash and have maturities of three months or less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

b) Equipment

Equipment is recorded at cost less accumulated amortization. Depreciation is provided on a declining balance basis at the annual rate of 30% for all equipment.

c) Use of estimates and measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets, liabilities, expenses, other income, and contingent assets and liabilities. Significant areas requiring the use of management estimates relate to depreciation of equipment, the assessment of impairment of resource properties, the valuation deferred tax assets and liabilities and the assumptions used in the calculation of share-based payments. Management believes the estimates are reasonable; however, actual results could differ from those estimates and would impact future results of operations and cash flows.

d) Foreign currency translation

The presentation currency and the functional currency of the Company is the Canadian dollar ("$"). The Company's foreign currency transactions are translated into the Canadian dollar at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of operating results.

e) Resource property acquisition costs

Resource properties consist of payments to acquire exploration and mining claims and property option payments. Acquisition costs are capitalized and deferred until such a time as the property is put into production or the property is disposed of, either through sale or abandonment or becomes impaired. If a property is put into production the costs of the acquisition will be amortized over the life of the property on a unit of production basis based on the estimated proven and probable reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property,

3. Significant accounting polices, continued

e) Resource property acquisition costs, continued

with any excess included in the operations for the year. If a property is abandoned or has become impaired, the acquisition costs will be written off or written down to operations.

Recorded costs of resource properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, those changes in future conditions could require a material change in the recognized amount.

f) Exploration and evaluation costs

Exploration and evaluation expenditures are expensed as incurred.

g) Flow-through shares

The Company finances a significant portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy.

On issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon qualifying expenditures being incurred and renounced to the shareholders, the premium liability is de-recognized to other income.

h) Share-based payments

The Company has a stock option plan that is described in note 7. Share-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured), and are recorded at the date the goods or services are received. If and when the stock options or warrants are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

i) Income taxes

Deferred income tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets or liabilities are calculated using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be settled or realized. Deferred tax assets are recognized only to the extent that it is probable that they will be realized.

(Unaudited, expressed in Canadian dollars)

3. Significant accounting polices, continued

j) Financial instruments

Financial instruments are classified as one of the following: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income (loss). Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity.

k) Impairment

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

Non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

l) Loss per common share

Loss per common share is calculated using the weighted average number of shares outstanding during the year.

4. Equipment

Equipment is carried at cost less accumulated depreciation with details listed below:

		Cost		Accumulated depreciation		Net book value
Beginning balance, December 31, 2010	$	89,991	$	(34,819)	$	55,172
Additions (disposals)		-		(8,276)		(8,276)
Impairment		-		-		-
Ending balance, June 30, 2011	$	89,991	$	(43,095)	$	46,896
Beginning balance, December 31, 2009	$	36,000	$	(25,504)	$	10,496
Additions (disposals)		53,991		(9,315)		44,676
Impairment		-		-		-
Ending balance, December 31, 2010	$	89,991	$	(34,819)	$	55,172

(Unaudited, expressed in Canadian dollars)

5. Resource properties

The Company has interests in mineral properties in Yukon and Nunavut, Canada. A summary of capitalized acquisition costs for the six months ended June 30, 2011 and year ended December 31, 2010 was as follows:

	Mariposa	Gold Cap	Polar Stewart	Eureka Dome	PTL	Fyre Lake	Baker Uranium	Total
Balance, December 31, 2010	$ 220,192	$ 10,300	$ 215,000	$ 27,300	$ -	$ 35,701	$ 96,000	$ 604,493
Additions during the period	87,816	-	132,500	14,490	29,500	-	-	264,306
Balance, June 30, 2011	$ 308,008	$ 10,300	$ 347,500	$ 41,790	$ 29,500	$ 35,701	$ 96,000	$ 868,799

	Mariposa	Gold Cap	Polar Stewart	Eureka Dome	Other	Fyre Lake	Baker Uranium	Total
Balance, December 31, 2009	$ 82,240	$ 9,800	$ 118,750	$ 27,300	$ 54,572	$ 17,851	$ 96,000	$ 406,513
Additions during the year	137,952	500	96,250	-	-	17,850	-	252,552
Impairment during the year	-	-	-	-	(54,572)	-	-	(54,572)
Balance, December 31, 2010	$ 220,192	$ 10,300	$ 215,000	$ 27,300	$ -	$ 35,701	$ 96,000	$ 604,493

a) Mariposa property, Yukon

In October 2009, the Company entered into an option agreement to acquire a 100% interest in 203 claims, subsequently acquired additional 43 claims, located in Dawson City, Yukon, known as the Mariposa property. The principal terms of the agreement require the Company to pay $120,000 in cash, issue 4,000,000 common shares and incur $600,000 (incurred) exploration expenditures over five years as follows:

	Cash	Common Shares	Cumulative work expenditures
On initial date (paid and issued)	$ 20,000	250,000	$ 100,000
On or before October 1, 2010 (paid and issued)	20,000	200,000	200,000
On or before October 1, 2011	20,000	300,000	300,000
On or before October 1, 2012	20,000	400,000	400,000
On or before October 1, 2013	20,000	400,000	600,000
On or before October 1, 2014	20,000	450,000	-
Upon production notice being given		1,000,000	-
Upon commencement of commercial production		1,000,000	
	$ 120,000	4,000,000	$ 600,000

The property is subject to a 2% net smelter return (“NSR”) and may be purchased, at any time after a production notice has been given, 1% NSR for $1,000,000.

(Unaudited, expressed in Canadian dollars)

5. Resource properties, continued

b) PTL property, Yukon

On May 27, 2011, the Company entered into an option agreement with a private vendor to earn a 100% interest in 39 mineral claims located in the Dawson Mining District, Yukon, north-western area of the Mariposa property, known as PTL property. In consideration the Company will pay a total of $85,000 and issue a total of 200,000 of common shares as follows:

		Cash	Common Shares
On or before June 30, 2011(paid and issued)	$	15,000	50,000
On or before June 30, 2012		20,000	50,000
On or before June 30, 2013		20,000	50,000
On or before June 30, 2014		30,000	50,000
	$	85,000	200,000

The property is subject to a 2% NSR that could be bought at 1% for $1,000,000.

c) Polar Stewart property, Yukon

In July 2009, the Company entered into an option agreement with Ryanwood Exploration Inc. ("Ryanwood") to acquire a 100% interest in 149 mineral claims located in Dawson City, Yukon, known as the Polar Stewart property. Pursuant to the terms of the agreement, consideration to exercise the option is to pay $300,000, issue 1,250,000 common shares and undertake exploration expenditures totalling $1,500,000 ($96,946 incurred) over a five year period as follows:

		Cash	Common Shares		Cumulative work expenditures
On initial date (paid and issued)	$	75,000	250,000		Nil
On or before June 30, 2010 (paid and issued)		65,000	250,000	$	50,000
On or before June 30, 2011 (paid and issued)		60,000	250,000	$	300,000
On or before June 30, 2012		50,000	250,000	$	800,000
On or before June 30, 2013		50,000	250,000	$	1,500,000
	$	300,000	1,250,000	$	1,500,000

The property is subject to 2% NSR and $25,000 advance minimum royalty from 2014 onwards. 1% of the NSR may be purchased at any time for $2,000,000. The Company is in the process of re-negotiation for the terms of the option agreement.

(Unaudited, expressed in Canadian dollars)

5. Resource properties, continued

d) Exploration and evaluation costs

The table below summarizes expensed exploration and evaluation costs for the three and six months ended June 30, 2011 and 2010:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Analytical and data report	$ 13,522	$ 89	$ 15,892	$ 2,053
Drilling	159,566	-	200,126	-
Field support	203,316	-	229,224	-
Fuel and transport	276,218	67,971	288,210	68,371
Geological services	99,413	45,630	148,273	102,482
Personnel	165,818	73,283	221,870	82,279
Travel and other	15,338	96,023	25,755	96,023
Total	$ 933,192	$ 282,996	$ 1,129,350	$ 351,208

6. Share capital

The Company has an authorized unlimited number of common shares without par value.

Flow-through shares

Pursuant to a non-brokered private placement closed on December 22, 2010, the Company issued 8,588,834 flow-through shares for total gross proceeds of $2,576,650. The Company filed its renunciation forms in January 2011 for the entire amount received. As at December 31, 2010, the Company had incurred $19,712 qualifying resource expenditures and must incur the balance of $2,556,938 by January 31, 2012.

As of June 30, 2011, the Company had incurred $1,113,904 flow-through expenditures had incurred and is committed to fulfill its flow-through obligation within the given time frame.

7. Share-based payments

a) Stock options

The Company has a stock option plan (the "Plan") which is approved by the shareholders annually. The Plan is designed to attract and retain individuals and to reward them for current and expected future performance. Options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors. Under the Plan, the Company is authorized to grant stock options of up to 10% of the number of common shares issued and outstanding of the Company at any given time.

(Unaudited, expressed in Canadian dollars)

7. Share-based payments, continued

a) Stock options, continued

The number and weighted average exercise prices of stock options are as follows:

	June 30, 2011		June 30, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,530,000	$ 0.20	712,500	$ 0.93
Granted	1,165,000	$ 0.30	1,530,000	$ 0.20
Cancelled	-	$ -	(712,500)	$ 0.93
Forfeited	-	$ -	-	$ -
Outstanding, end of period	2,695,000	$ 0.24	1,530,000	$ 0.20
Exercisable, end of period	2,050,000	$ 0.23	1,530,000	$ 0.20

The total fair value of the stock option granted during the six months ended June 30, 2011 was $217,752 and $149,863 was expensed during the period in the statement of comprehensive loss.

The stock options outstanding as of June 30, 2011 are listed below:

Weighted average exercise price	Number of options outstanding	Expiry date	Weighted average ramining contractual life (years)
$ 0.20	1,530,000	January 29, 2015	3.58
$ 0.30	1,080,000	January 6, 2016	4.50
$ 0.30	45,000	May 12, 2016	4.88
$ 0.35	40,000	June 2, 2016	4.96
$ 0.24	2,695,000		3.84

The fair value of the options issued during the period was calculated using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2011	June 30, 2010
Risk-free interest rate	1.93%	2.45%
Expected share price volatility	106.82%	106.79%
Expected life in years	3.50	5.00
Forfeiture rate	0%	0%
Expected dividend yield	Nil	Nil

(Unaudited, expressed in Canadian dollars)

7. Share-based payments, continued

b) Share purchase warrants

A summary of the warrants outstanding as of the period ended June 30 is as follows:

	June 30, 2011			June 30, 2010		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	10,432,851	$	0.27	2,237,501	$	0.25
Exercised	(1,673,868)	$	0.15	-	$	-
Outstanding, end of period	8,758,983	$	0.29	2,237,501	$	0.25

Among the warrants outstanding, 3,945,350 warrants are subject to acceleration. Should the closing market price of the Company's shares trade in excess of $0.60 per share for 20 consecutive trading days ("Triggering Event"), the Company may, within five days of the Triggering Event, issue a notice to those warrant holders and accelerate the warrant expiry date to the 21st day after the notice is given.

The current expiry dates for the warrants outstanding are as follow:

Expiry Date		Exercise Price	Warrants Outstanding
August 20, 2011	$	0.15	4,313,633
September 16, 2011	$	0.25	500,000
December 22, 2011	$	0.45	3,945,350
	$	0.29	8,758,983

The warrants were valued using the Black-Scholes pricing model, among which $347,865, $35,635 and $115,161 were recorded in contributed surplus in relation to the above warrants issued in August, September and December 2010 respectively.

8. Related parties

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company outsources its CFO and Corporate Secretary functions to a third party at a market rate. Pacific Ridge has no termination benefit, post-employment benefits and other long-term benefits. Compensation awarded to key management is listed below:

	Three months ended June 30,				Six months ended June 30,			
		2011		2010		2011		2010
Salary	$	52,900	$	13,600	$	108,000	$	26,800
Share-based payments, non-cash		7,200		-		119,700		124,000
	$	60,100	$	13,600	$	227,700	$	150,800

9. Segmented information

The Company has one business segment, the exploration of mineral properties. All of the Company's assets are located in Canada.

10. Subsequent events

a) 4,352,799 warrants were exercised at weighted exercise price of $0.15 for gross proceeds of $667,580.
b) Mr. Bruce Youngman was appointed as a director of the Company effective July 29, 2011 and was granted 200,000 stock options at an exercise price of $0.61 per share for five years.
c) 247,500 stock options were exercised at weighted exercise price of $0.21 for gross proceeds of $52,250

11. Transition to IFRS

The condensed interim financial statements for the three months ended June 30, 2011 are the Company's first financial statements prepared under IFRS, as stated in note 2 to those statements. The accounting policies described in note 3 have been applied in preparing the condensed interim financial statements for the three months ended June 30, 2011, the comparative information presented in the financial statements for the three months ended March 31, 2010, the statement of financial position as at December 31, 2010, and the opening IFRS statement of financial position at January 1, 2010 (the Transition Date). An explanation of IFRS 1, exemptions applicable to first-time adoption of IFRS, and the required reconciliations between IFRS and Canadian GAAP are described below.

<u>IFRS 1 First-time Adoption of IFRS</u>

The Company elected not to apply IFRS 2, Share-based Payments, to equity instruments granted on or before November 7, 2002 and those granted but fully vested before the date of transition of January 1, 2010.

<u>Flow-through shares</u>

On transition to IFRS, the Company allocated the flow-through proceeds between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the market value of the common shares and the amount the investors pay for the flow-through shares. A liability is recognized for the premium paid by the investors and is then recognized in the result of operations in the period of the eligible exploration expenditures occurred. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance.

(Unaudited, expressed in Canadian dollars)

11. Transition to IFRS, continued

Reconciliation of liabilities and equity

	December 31, 2010	June 30, 2010
Total liabilities under Canadian GAAP	$ 108,010	$ 217,859
Flow-through share premium	-	-
Total liabilities under IFRS	$ 108,010	$ 217,859
Deficit under Canadian GAAP	$ (37,103,808)	$ (35,666,403)
Flow-through share	-	-
Total deficit under IFRS	(37,103,808)	(35,666,403)
Share capital under Canadian GAAP	39,593,241	33,832,931
Flow-through share	-	-
Total share capital under IFRS	$ 39,593,241	$ 33,832,931
Total shareholder's equity under Canadian GAAP	$ 5,410,166	$ 735,317
Adjustment on adoption of IFRS	-	-
Total shareholders' equity under IFRS	$ 5,410,166	$ 735,317

Reconciliation of loss and comprehensive loss

	Three months ended June 30, 2010	Six months ended June 30, 2010
Loss and comprehensive loss under Canadian GAAP	$ (451,065)	$ (825,315)
Adjustment on adoption of IFRS	-	-
Loss and comprehensive loss under IFRS	$ (451,065)	$ (825,315)