**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

# INTIGOLD MINES LTD.

**(FORMERLY SEANESS CAPITAL CORPORATION)**

## October 31, 2011 and 2010

*(Unaudited Prepared by Management)*

*(Presented in Canadian dollars)*

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## INTIGOLD MINES LTD.

## Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have been not performed a review of these financial statements in accordance with the standard established by the Canadian Institute of Chartered Accountants for a review of consolidated interim financial statements by an entity's auditors. Readers are cautioned that these statements may not be appropriate for their purposes.

_*"Lori McClenahan"*___

Lori McClenahan

*President and Director*

**INTIGOLD MINES LTD. (FORMERLY SEANESS CAPITAL CORPORATION)**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

***(Note 1, Basis of Presentation)***

**As at 31 October, 2011, 31 July, 2011 and 1 August, 2010**

*(Expressed in Canadian dollars)*

| | **31-October-2011** | 31-July-2011 | 1-August-2010 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | **$ 1,225,092** | $ 1,377,627 | $ 124,875 |
| Accounts receivable | **45,231** | 34,270 | 11,932 |
| Prepaid expense | **1,971** | 1,328 | - |
| **Total current assets** | **1,272,294** | 1,413,225 | 136,807 |
| Fixed assets (Note 5) | **1,017** | 1,273 | - |
| Exploration and evaluation assets (Note 6) | **2,273,536** | 1,855,536 | - |
| **Total Assets** | **$ 3,546,847** | $ 3,270,034 | $ 136,807 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | **$ 57,926** | $ 43,475 | $ 25,127 |
| | **57,926** | 43,475 | 25,127 |
| Deferred Income Tax liability | **433,705** | 433,705 | - |
| Total liabilities | **491,631** | 477,180 | 25,127 |
| Shareholders' equity: | | | |
| Share capital (Note 8) | **3,625,307** | 3,184,510 | 406,081 |
| Reserves | | | |
| Equity settled employee benefits | **727,346** | 727,346 | 58,102 |
| Warrants (Note 8d) | **382,529** | 387,326 | 6,916 |
| Deficit | **(1,679,966)** | (1,506,328) | (359,419) |
| Total shareholder's equity | **3,055,216** | 2,792,854 | 111,680 |
| **Total shareholder's equity and liabilities** | **$ 3,546,847** | $ 3,270,034 | $ 136,807 |

Subsequent events (Note 11)

*These financial statements were approved and authorized for issue by the Board of Directors on January 23, 2012. They were signed on its behalf by:*

**APPROVED BY THE DIRECTORS**

| | |
|---|---|
| *"Lori McClenahan"* | *"Tina Whyte"* |
| Lori McClenahan, President and Director | Tina Whyte, Director |

*The accompanying notes are an integral part of the financial statements.*

**INTIGOLD MINES LTD. (FORMERLY SEANESS CAPITAL CORPORATION)**

**CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)**

**For the Three Months Ended October 31, 2011 and 2010**

| *(Expressed in Canadian dollars)* | Oct-31 2011 | Oct-31 2010 |
|---|---|---|
| **Operating expenses** | | |
| Consulting | $ 47,000 | $ - |
| Exploration costs | 117,694 | - |
| Office and general expenses | 2,894 | 184 |
| Professional fees | 3,238 | 37,058 |
| Transfer agent, listing and filing fees | 2,826 | 13,005 |
| | 173,652 | 50,247 |
| **Operating loss** | (173,652) | (50,247) |
| **Other items** | | |
| Finance income | 14 | - |
| **Operating loss and Comprehensive loss for the period** | (173,638) | (50,247) |
| **Loss per share - basic and diluted** | $ (0.01) | $ (0.01) |
| **Weighted average number of common shares outstanding - basic and diluted** | 21,172,790 | 6,566,000 |

*The accompanying notes are an integral part of the financial statements.*

**INTIGOLD MINES LTD. (FORMERLY SEANESS CAPITAL CORPORATION)**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
**(Unaudited)**
**Period From August 1, 2010 to October 31, 2011**
*(Expressed in Canadian Dollars)*

| | Common Shares | | Share Subscriptions Received | Equity Settled Compensation Benefits | Warrants | Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | |
| **Balance, August 1, 2010** | **6,566,000** | **$ 406,081** | **$ -** | **$ 58,102** | **$ 6,916** | **$ (359,419)** | **$ 111,680** |
| Share subscriptions received | - | - | 347,545 | - | - | - | 347,545 |
| Loss for the period | - | - | - | - | - | (50,247) | (50,247) |
| **Balance, October 31, 2010** | **6,566,000** | **$ 406,081** | **$ 347,545** | **$ 58,102** | **$ 6,916** | **$ (409,666)** | **$ 408,978** |
| Issuance of common shares for acquisition Intigold | 6,533,332 | 1,306,666 | - | - | - | - | 1,306,666 |
| Issuance of common shares for cash pursuant to private placement | 7,000,532 | 1,800,160 | (347,545 ) | - | - | - | 1,452,615 |
| Issuance of common shares for cash pursuant to exercise of warrants | 478,300 | 132,075 | - | - | - | - | 132,075 |
| Issuance of common shares for finder fee | 16,800 | 5,040 | - | - | - | - | 5,040 |
| Issuance of warrants | - | (400,885) | - | - | 400,885 | | - |
| Share issue costs and finder`s fee | - | (64,627) | - | - | (20,475) | - | (85,102) |
| Stock-based compensation | - | - | - | 669,244 | - | - | 669,244 |
| Loss for the period | - | - | - | - | - | (1,096,662) | (1,096,662) |
| **Balance, July 31, 2011** | **20,594,964** | **$ 3,184,510** | **$ -** | **$ 727,346** | **$ 387,326** | **$ (1,506,328)** | **$ 2,792,854** |
| Issuance of common shares for for property interest | 1,100,000 | 418,000 | - | - | - | - | 418,000 |
| Exercise of warrants | 60,000 | 22,797 | - | - | (4,797) | - | 18,000 |
| Loss for the period | - | - | - | - | - | (173,638) | (173,638) |
| **Balance, October 31, 2011** | **21,754,964** | **$ 3,625,307** | **$ -** | **$ 727,346** | **$ 382,529** | **$ (1,679,966)** | **$ 3,055,216** |

*The accompanying notes are an integral part of the financial statements.*

**INTIGOLD MINES LTD. (FORMERLY SEANESS CAPITAL CORPORATION)**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)**

**For the Three Months Ended October 31, 2011 and 2010**

| *(Expressed in Canadian dollars)* | **Oct-31 2011** | Oct-31 2010 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Operating loss for the period | **$ (173,638)** | $ (50,247) |
| Item not involving cash: | | |
| Amortization | **256** | - |
| Changes in non-cash working capital: | | |
| Increase in accounts receivable | **(10,961)** | 10,281 |
| Increae in prepaid expenses | **(643)** | (31,847) |
| Due from Intigold Mines Ltd. | **-** | (72,596) |
| Share subscription held in trust | **-** | (347,545) |
| Increase in accounts payable and accrued liabilities | **14,451** | 19,545 |
| Cash used in operating activities | **(170,535)** | (472,409) |
| **FINANCING ACTIVITIES** | | |
| Share subscriptions received | **-** | 347,545 |
| Exercise of warrants | **18,000** | - |
| Cash from financing activities | **18,000** | 347,545 |
| Decrease in cash and cash equivalents | **(152,535)** | (124,864) |
| Cash and cash equivalents, beginning of the period | **1,377,627** | 124,875 |
| **Cash and cash equivalents, end of the period** | **$ 1,225,092** | $ 11 |
| Supplementary cashflow information | | |
| Issued 1,000,000 common share for Cueva Blanca ( Note 6e) | **$380,000** | $0 |
| Issued 100,000 common shares for Beaverdell (Note 6a) | **$38,000** | $0 |

*The accompanying notes are an integral part of the financial statements.*

## 1. GENERAL INFORMATION

Intigold Mines Ltd., ("the Company") is a development stage enterprise that has incurred significant losses to date and currently does not earn revenues. The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of precious metals on mineral properties located in British Columbia, Canada and Peru. The Company was incorporated under the Canada Business Corporations Act on April 18, 2008, and has continued business under the Business Corporations Act of British Columbia. The Company is listed on the TXX Venture Exchange, having the symbol IGD-V, as a tier 2 mining issuer. The address of the Company's corporate office and principal base of business is 304 – 700 West Pender Street, Vancouver, British Columbia, Canada.

## 2. BASIS OF PRESENTATION AND FIRST TIME ADOPTION OF IFRS

The Company prepares its financial statements in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 condensed consolidated interim financial statements. In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1 First time Adoption of International Financial Reporting Standards ("IFRS 1"). Subject to certain IFRS 1 transition elections disclosed in note 12, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position as at August 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 12 discloses the impact of the transition to IFRS on the Company's reported statement of financial position and comprehensive income, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended July 31, 2011.

These condensed consolidated interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes and should be read in conjunction with the consolidated financial statements for the year ended July 31, 2011. Results for the period ended October 31, 2011 are not necessarily indicative of future results. Any subsequent changes to IFRS that are reflected in the Company's consolidated financial statements for the year ending July 31, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next 12 months. Realization value may be substantially different from carrying value as shown and these consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. As of October 31, 2011, the Company had not yet achieved profitable operations, but had working capital of $1,214,368 (year end 2011: $1,369,750) which should be adequate to sustain operations over the next twelve months. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to complete development and upon future profitable production.

## 2. BASIS OF PRESENTATION AND FIRST TIME ADOPTION OF IFRS (continued)

### 2.1 Accounting Standards not yet adopted

The following standards and amendments to existing standards have been published and are mandatory for the Company's annual accounting periods beginning January 1, 2013, or later periods:

*IFRS 9 'Financial Instruments: Classification and Measurement'* – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

*IFRS 10 'Consolidated Financial Statements'* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

*IFRS 11 'Joint Arrangements'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

*IFRS 12 'Disclosure of Interests in Other Entities'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

*IFRS 13 'Fair Value Measurement'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

IAS 27, *Separate Financial Statements*, has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, *Investments in Associates and Joint Ventures*, prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

Management anticipates that the above standards will be adopted in the Company's financial statements for the period beginning June 1, 2013 and June 1, 2015 for IFRS 9. The Company has not yet considered the impact of the adoption of these standards.

## 3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements, and have been applied consistently by the Company's entities.

Refer to Note 12.1 for the IFRS 1 exemptions taken in applying IFRS for the first time.

### 3.1 Principles of Consolidation

#### Subsidiaries

The consolidated interim financial statements comprise the financial statements of the parent company and its wholly-owned subsidiary as at October 31, 2011. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

### 3.2 Foreign Currency Translation

#### (i) Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

#### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except for the Company's net investment in its foreign subsidiaries which are recognised in other comprehensive income.

### 3.3 Fixed assets

#### (i) Cost and Valuation

Fixed assets are carried at cost less accumulated depreciation and any impairment losses. When an asset is disposed of, it is derecognized and the difference between its carrying value and net sales proceeds is recognized as a gain or loss in the statement of operations.

Fixed assets include expenditures incurred on computer hardware, furniture and equipment which are recorded at cost on initial acquisition. Cost includes the purchase price and the directly attributable costs of acquisition or construction required to bring an asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

#### (ii) Depreciation

Furniture and equipment is depreciated over a declining balance basis over the estimated useful life of assets and computer hardware is depreciated on a straight line basis over the life of assets. Where components of an asset have a different useful life and cost that is significant to the total cost of the asset, depreciation is calculated on each separate component. Depreciation methods, useful lives and residual values are reviewed at the end of each year.

### 3.4 Exploration and Evaluation Assets

Exploration expenditures reflect the capitalised costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with acquisition of rights to explore, prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures reflect costs incurred at exploration projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition. Evaluation expenditures include the cost of:

i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve,

ii) determining the optimal methods of extraction and metallurgical and treatment processes,

iii) studies related to surveying, transportation and infrastructure requirements,

iv) permitting activities, and

v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received. The Company does not accrue the estimated costs of maintaining its interests in good standing.

From time to time the Company may issue shares for option-in agreements in respect of acquisition of mineral interests. These equity-settled share-based payment transactions are measured by reference to the fair value of the entity instruments granted and the corresponding increase in equity.

### 3.5 Impairment of Non-Financial Assets

Other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment test is performed when the impairment indicators demonstrate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is an asset’s fair value less cost to sell and value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 3.6 Financial Assets

#### (i) Classification

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Financial Assets (continued)

*(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

*(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables comprise cash and cash equivalents and accounts receivable in the statements of financial position.

**(ii) Recognition and Measurement**

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'gain or loss on marketable securities' in the period in which they arise.  Dividend income from financial assets at fair value through profit or loss is

**(ii) Recognition and Measurement (continued)**

recognised in the income statement as part of other income when the Company's right to receive payments is established.

When marketable securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as 'gain or loss from marketable securities'.

**(iii) Impairment of Financial Assets**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Financial Assets (continued)

#### (iii) Impairment of Financial Assets (continued)

of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss – is removed from equity and recognized in the income statement. All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses recognized for equity securities are not reversed.

### 3.7 Amounts Receivable

Amounts receivable are amounts due from HST. Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 3.8 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### 3.9 Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

### 3.10 Trade Payables and Due to Related Parties

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.10 Trade Payables and Due to Related Parties (continued)

Due to related parties are amounts due to Directors and Officers of the Company which are incurred in the carrying out their respective duties as Directors and Officers of the Company. Due to related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 3.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, calculated using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. A summary of the Company’s risk exposure as they relate to financial instruments are reflected below.

#### (a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company’s cash and cash equivalents and receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalent by placing these instruments with institutions of high credit worthiness. Deposits are insured up to $100,000, the amount that may be subject to credit risk for the period ended October 31, 2011 is $1,125,092.

#### (b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date.

#### (c) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at October 31, 2011, the Company is not exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company does not have a formal policy to manage risk; however, management actively monitors movement in foreign currency and forecasts foreign currency payments. Foreign exchange risk is mitigated by the offset of assets against liabilities and the risk is not significant.

#### (d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in consolidated financial statements is interest income on Canadian dollar cash and cash equivalents. As at October 31, 2011, the Company’s cash and cash equivalents are not subject to or exposed to interest rate risk.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.12 Current and Deferred Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is substantively enacted.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

### 3.13 Employee Benefits

**Short-Term Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay

### 3.13 Employee Benefits (continued)

this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.14 Share-Based Payment Transactions

The Company applies the fair value method of accounting for all stock option awards. Under this method the Company recognizes a compensation expense for all stock options awarded to employees, based on the fair value of the options on the date of grant which is determined by using the Black-Scholes option pricing model for stock option awards, and the quoted market value of the shares for restricted share units. The fair value of the options is expensed over the vesting period of the options. No expense is recognized for awards that do not ultimately vest.

All equity shared-based payments are reflected in equity settled employee benefits, until exercised. Upon exercise, shares are issued from treasury and the amount reflected equity settled compensation benefits is

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognises the amount that otherwise would have been recognised for services received over the remainder of the vesting period. Any payment made to the employee on cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognised as an expense.

### 3.15 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### 3.16 Rehabilitation and Restoration

Provision is made for rehabilitation and restoration when an obligation is incurred. The provision is recognised as a liability with a corresponding asset recognised in relation to the mine site. At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amount of the costs to be incurred. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of necessary remediation activities and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the balance sheet by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges. As at October 31, 2011, October 31, 2010, and August 1, 2010 the Company had no rehabilitation and restoration costs.

### 3.17 Finance Income and Expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. All borrowing costs are recognized in profit or loss using the effective interest method, except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

### 3.18 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.18 Earnings per Share (continued)

adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options granted to employees.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas requiring the use of management estimates include assumptions and estimates relating to determining defined proven and probable reserves, value beyond proven and probable reserves, fair values for purposes of purchase price allocations for business acquisitions, asset impairment analysis, valuation of derivative contracts, determination of recoverable metal on leach pads, reclamation obligations, share-based payments and warrants, valuation allowances for deferred income tax assets, the provision for income tax liabilities, deferred income taxes and assessing and evaluating contingencies. Actual results could differ from these estimates.

(Expressed in Canadian dollars)

## 5. FIXED ASSETS

| | Computer hardware | Furniture and equipment | Total |
|---|---|---|---|
| **Cost** | | | |
| **Balance at August 1, 2010** | $ - | $ - | $ - |
| Additions | 1,375 | 681 | 2,056 |
| Disposals | - | - | - |
| **Balance at July 31, 2011** | **$ 1,375** | **$ 681** | **$ 2,056** |
| Additions | - | - | - |
| Disposals | - | - | - |
| **Balance at October 31, 2011** | **$ 1,375** | **$ 681** | **$ 2,056** |
| | | | |
| **Depreciation and impairment losses** | | | |
| **Balance at August 1, 2010** | $ - | $ - | $ - |
| Depreciation for the period | 681 | 102 | 783 |
| Impairment loss | - | - | - |
| Disposals | - | - | - |
| **Balance at July 31, 2011** | **$ 681** | **$ 102** | **$ 783** |
| Depreciation for the period | 227 | 29 | 256 |
| Impairment loss | - | - | - |
| Disposals | - | - | - |
| **Balance at October 31, 2011** | **$ 908** | **$ 131** | **$ 1,039** |
| | | | |
| **Carrying amounts** | | | |
| **At August 1, 2010** | $ - | $ - | $ - |
| **At July 31, 2011** | **$ 694** | **$ 579** | **$ 1,273** |
| **At October 31, 2011** | **$ 467** | **$ 550** | **$ 1,017** |

## 6. EXPLORATION AND EVALUATION ASSETS

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

(Expressed in Canadian dollars)

## 6. MINERAL PROPERTY INTEREST (continued)

As at October 31, 2011, the Company's mineral properties include the following acquisition costs:

| | 31-Oct-11 | 31-Jul-11 |
|---|---|---|
| Beaverdell, Canada | $1,819,286 | $1,781,286 |
| Scandie, Canada | 31,500 | 31,500 |
| Evening Star, Canada | 25,000 | 25,000 |
| Donnamore, Canada | 5,000 | 5,000 |
| Cueva Blanca, Peru | 392,750 | 12,750 |
| | $2,273,536 | $1,855,536 |

### (a) Beaverdell Property

On August 15, 2007, as amended August 20, 2007, and January 15, 2010, the Company entered into a Property Purchase Agreement (collectively the "Property Agreement") with St. Elias (the "Optionor"), a company listed on the Exchange. Under the terms of the Property Agreement, the Company holds the right to acquire a 100% interest (subject to a 1.5% net smelter royalty) in certain mineral claims referred to as the Beaverdell Property. Pursuant to the terms of the Property Agreement, the Company can acquire a 100% interest in the Beaverdell Property by paying $250,000 to the Optionor, issuing 400,000 common shares of the Company to the Optionor and by incurring $1 million in exploration expenditures on the Beaverdell Property to be paid to the Optionor and to be incurred by the Company as follows:

| Year | Cash | | Shares | | Value | Expenditures | |
|---|---|---|---|---|---|---|---|
| On January 15, 2010 | $ 5,000 | (paid) | - | | $ - | | |
| Within 12 months of January 15, 2010 | | | | | | $ 100,000 | (incurred) |
| Within 10 days of listing date | $ 10,000 | | | | - | | |
| Within 10 business days of listing date | | | 100,000 | (issued) | | | |
| Within 12 months from listing date | $ 15,000 | | | | - | $ 400,000 | cumulative |
| Within 10 business days of receipt of consent of Exchange for the issuance based on Phase II results | | | 100,000 | | | | |
| Within 24 months from listing date | $ 70,000 | | - | | - | $ 600,000 | cumulative |
| Within 10 business days of receipt of consent of Exchange for the issuance based on Phase II results | | | 200,000 | | | | |
| Within 36 months from listing date | $ 150,000 | | - | | - | $ 1,000,000 | cumulative |
| **Totals** | **$ 250,000** | | **400,000** | | **$ -** | **N/A** | |

Upon completion of the above described option, title of the subject mineral claims constituting the Beaverdell Property will be transferred from the Optionor to the Company.

Pursuant to the terms of the Property Agreement, the Company may terminate the Property Purchase Agreement at any time if the Company pays $15,000 to the Optionor, issues 100,000 shares to the Optionor, and incurs exploration expenditures of at least $100,000 on the Beaverdell Property. As at

(Expressed in Canadian dollars)

## 6. MINERAL PROPERTY INTEREST (continued)

### (a) Beaverdell Property (continued)

October 31, 2011, the Company was not in compliance with the terms of the Agreement, however, the Optioner has provided an extension to January 31, 2012 for the Company to become compliant with the Agreement.

The Share Exchange Agreement between the Company and Intigold Mines Ltd. resulted in the excess of the amount paid to net assets acquired to the Beaverdell Property (note 8b). As a result of the transaction, a future income tax liability of $433,705 was recorded.

### (b) Scandie Property, British Columbia, Canada

On February 22, 2011, the Company entered into an agreement to acquire a 100% interest in certain mining claims located in the Greenwood Mining Division, British Columbia for total consideration of $31,500.

### (c) Evening Star Property, British Columbia, Canada

On February 22, 2011, the Company entered into an agreement to acquire a 100% interest in certain mining claims located in the Slocan Mining Division, British Columbia for total consideration of $25,000.

### (d) Donnamore Property, British Columbia, Canada

On February 24, 2011, the Company entered into an agreement to acquire a 100% interest in certain mining claims located in the Kamloops Mining Division, British Columbia for total consideration of $5,000.

### (e) Cueva Blanca Gold Property, Lambayeque Department, Northern Peru

On June 1, 2011, the Company entered into a letter agreement with St. Elias Mines Ltd. ("St. Elias") whereby St. Elias has granted an option to the Company to earn a 60-percent carried interest, subject to a 1.5-per-cent net smelter return royalty (NSR) in the property, located in northern Peru, by paying the sum of $200,000 in cash, by issuing 1,000,000 common shares in the capital of the Company to St. Elias, and by incurring for $1,500,000 in exploration expenditures, to be paid and issued as follows:

| Year | Cash | | Shares | | Expenditures |
|---|---|---|---|---|---|
| On June 1, 2011 | $ 10,000 | (paid) | - | | $ - |
| Formal Agreement | $ 40,000 | | - | | $ - |
| Within 10 business days of regulatory approval of agreement | | | 1,000,000 | (issued) | |
| Within 12 months from Formal Agreement | $ 50,000 | | - | | $ 300,000 |
| Within 24 months from Formal Agreement | $ 100,000 | | - | | $ 500,000 |
| Within 36 months from Formal Agreement | $ - | | - | | $ 700,000 |
| **Totals** | **$ 200,000** | | **1,000,000** | | **$ 1,500,000** |

In addition, the Company shall have the right to purchase one-half of the 1.5-per-cent NSR from St. Elias for the sum of $1,500,000 thereby reducing the NSR payable to from 1.5-per-cent to 0.75-per-cent. As at October 31, 2011, the Company was not in compliance with the terms of the Agreement, however, the Optioner has provided an extension to January 31, 2012 for the Company to become compliant with the Agreement. As at October 31, 2011, the Company has paid $12,750 and issued 1,000,000 common shares to St. Elias.

(Expressed in Canadian dollars)

## 6. MINERAL PROPERTY INTEREST (continued)

| | 2012 | | | | 2011 |
|---|---|---|---|---|---|
| | **Total** | **Beaverdell Canada** | **Donnamore Canada** | **Other Canada** | **Total** |
| | **$** | **$** | **$** | **$** | **$** |
| General (other) | **101,725** | 100,000 | 224 | 1,501 | 50,024 |
| Mobilization and camp costs | **15,970** | 15,970 | - | - | - |
| | **117,694** | **115,970** | **224** | **1,501** | 50,024 |
| Exploration and development expenditures, beginning of year | **50,024** | **50,000** | **-** | **24** | - |
| Exploration and development expenditures, cumulative to date | **167,718** | **165,970** | **224** | **1,525** | 50,024 |

## 7. RELATED PARTY TRANSACTIONS

The expenditures charged by related parties to the Company and not disclosed elsewhere in these consolidated financial statements consist of the following:

(a) paid or accrued $15,000 (2010 - $nil) as the consulting fee to the President and CEO of the Company.

(b) paid or accrued $7,000 (2010 - $nil) as the consulting fee to the Directors of the Company.

(c) paid or accrued $23,000 (2010 - $nil) as the consulting and accounting fee to the CFO of the Company.

(d) paid or accrued $6,000 (2010 - $nil) as the consulting fee to an officer of the Company.

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

There are common directors and officers for the Company and St. Elias Mines Ltd.

## 8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

Issued and outstanding: 21,754,964 common shares (July 31, 2011 – 20,594,964 and August 1, 2010 – 6,566,000).

On September 13, 2011, the Company issued 1,000,000 common shares to St. Elias Mines Ltd., pursuant to an option agreement for the Cueva Blanca property disclosed on Note 6(e), and 100,000 common shares to St. Elias Mines Ltd., as per the option agreement for the Beaverdell property disclosed on Note 6(a) above.

During October 2011, the Company issued 60,000 common shares for an exercise of warrants at $0.30.

(Expressed in Canadian dollars)

## 8. SHARE CAPITAL (continued)

(c) Escrow Shares

Of the issued and outstanding common shares, 2,000,000 are held in escrow and deposited with a trustee under an escrow agreement. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on November 4, 2010 and an additional 15% will be released every six months following from this date over a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If the Company does not receive final acceptance of a Qualifying Transaction within 24 months from the date of listing and is delisted, the shares may be cancelled.

(d) Warrants

At October 31, 2010, the Company had 228,300 share purchase warrants outstanding, at an exercise price of $0.25 until March 2, 2011. Each warrant entitles the holder to purchase one common share of the Company.

The Company completed a private placement of 3,000,000 units at $0.20 per unit. Each unit consists of one common share and one warrant. The 3,000,000 warrants had a period of 2 years at a price of $0.30 per common share in the first year and $0.45 per common share in the second year. The warrants had a fair value of $162,360.

The Company completed a private placement of 4,000,532 units at $0.30 per unit. Each unit consists of one common share and one warrant. The 4,000,532 warrants had a period of 1 year at a price of $0.45 per common share. The warrants had a fair value of $237,764.

(e) Share Purchase Options

The following table reflects the continuity of stock options for the period ended October 31, 2011 and year ended July 31, 2011:

| | Number of Stock Options | Weighted average exercise price |
|---|---|---|
| Balance, July 31, 2010 | 600,000 | |
| Cancelled | (600,000) | |
| Granted | 2,730,000 | $0.20 |
| Granted | 400,000 | $0.33 |
| Balance, July 31, 2011 and October 31, 2011 | 3,130,000 | $0.22 |
| Exercisable | 3,130,000 | $0.22 |

The Company has adopted a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

(Expressed in Canadian dollars)

## 8. SHARE CAPITAL (continued)

(e) Share Purchase Options (continued)

On March 3, 2009, the Company granted 600,000 stock options exercisable at a price of $0.10 per share until March 3, 2013. The options had a fair value of $58,102 which has been recognized as stock-based compensation during the year ended July 31, 2009. Subsequent to July 31, 2010, these stock options were cancelled.

The Company cancelled its 600,000 outstanding stock options that were issued prior to the qualifying transaction. Subsequently, the Company issued 2,730,000 stock options to new officers and directors of Intigold Mines Ltd.(formerly Seaness Capital Corporation), exercisable at $0.20 per share until November 4, 2012. The options had a fair value of $587,549 which has been recognized as stock-based compensation during the year ended July 31, 2011.

| | **2012** | | | 2011 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | | **Weighted average exercise price** | Number of options | | Weighted average exercise price |
| Options outstanding beginning of the period | **3,130,000** | **$** | **0.22** | 600,000 | | |
| Options cancelled during the period | - | $ | - | (600,000) | | |
| Options granted during the period | - | $ | - | 2,730,000 | $ | 0.20 |
| | - | $ | - | 400,000 | $ | 0.33 |
| **Options outstanding end of the period** | **3,130,000** | **$** | **0.22** | 3,130,000 | $ | 0.22 |
| **Options exercisable end of the period (fully vested)** | **3,130,000** | | | 3,130,000 | | |

On December 1, 2010 the Company issued 400,000 stock options, exercisable at $0.33 per share until December 1, 2012. The options had a fair value of $81,696 which has been recognized as stock-based compensation during the period ended January 31, 2011.

The fair value of warrants and stock options has been estimated using the Black-Scholes option pricing model. Assumptions used in the pricing model were as follows:

| | 2012 | 2011 |
|---|---|---|
| Risk-free interest rate | - | 1.29% - 1.70% |
| Annual dividends | - | - |
| Expected stock price volatility | - | 76% - 131% |
| Expected life of stock options | - | 2 years |
| Expected life of warrants | - | 1-2 years |

## 9. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to maintain sufficient resources and raise funding to support current and long term operating needs. The ability to continue as a going concern is essential to the Company's goal of providing returns for shareholders and other stakeholders. The capital of the Company consists of shareholder's equity. The Company manages its capital and makes adjustments to it, based on the level of funds available to the Company to manage its operations. The Company balances its overall capital through new share issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to internally imposed capital requirements. There have been no significant changes in the Company's approach to capital management during the period ended October 31, 2011. The non-compliance of property option agreements may require the Company to raise additional capital through the issuance of new shares.

## 10. RISK MANAGEMENT

**Management of Financial Risk**
The Company's financial instruments are exposed to certain financial risks, which include credit risk, interest rate risk, liquidity risk and market risk.

***Credit Risk***
Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings and accounts receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. Accounts receivable is comprised of HST Management believes that credit risk related to these amounts is low.

***Interest Rate Risk***
The Company is not subject to significant interest rate risk.

***Liquidity Risk***
Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due.

***Market Risk***
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company is not significantly affected by market risk.

***Title Risk***
Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

## 11. SUBSEQUENT EVENTS

On November 16, 2011, the Company appointed Tina Whyte as director of the Company and accepted the resignation of Isabel Alves.

On January 16, 2012, the company appointed Lloyd C. Brewer as director of the Company.

## 12. EXPLANATION OF TRANSITION TO IFRS

The accounting policies set out in note 3 have been applied in preparing the financial statements for the three months ended October 31, 2011, the comparative information presented in these financial statements for the year ended July 31, 2011 and in the preparation of an opening IFRS balance sheet at August 1, 2010 (the Company's date of transition).

IFRS 1 requires that the same policies are applied for all periods presented in the first IFRS financial statements and that those policies comply with IFRSs in effect as at the end of the first IFRS annual reporting period. Accordingly, the opening IFRS statement of financial position, 2011 comparatives and current period financial statements have been prepared using the same policies. The previously presented 2011 Canadian GAAP financial information has been reconciled to the IFRS information as part of this transition note in accordance with the requirements of IFRS 1. Further, the policies applied have been done so on a full retrospective basis unless an alternative treatment is permitted or required by an IFRS 1 election or exception.

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

## 12. INITIAL ELECTIONS UPON ADOPTION

Set out below are the applicable IFRS 1 exemptions applied by the Company in the conversion from Canadian GAAP to IFRS:

### 12.1 IFRS EXEMPTION OPTIONS

**Exemption for Share-Based Payment Transactions**

An IFRS 1 exemption allows the Company to not apply IFRS 2, 'Share-based payment', to equity instruments granted after November 7, 2002 that vested before the date of transition to IFRS. The Company has elected to take the exemption and, as a result, was only required to recalculate the impact on any share based payments that have not vested at the date of transition, of which there were none.

**Exemption for Borrowing Costs**

IFRS 1 allows a first time adopter to apply the transitional provisions set out in IAS 23, Borrowing Costs. Taking this exemption allows the Company to apply IAS 23 prospectively from the date of transition. The Company has not elected to adopt the remaining voluntary exemptions or they do not apply to the Company.

**Business Combinations**

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 (2008) *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has elected to apply IFRS 3 (2008) to only those business combinations that occurred on or after the Transition Date and such business combinations have not been restated. As a result of this election, no adjustments were required to the Company's statement of financial position as at the Transition Date due to no business combinations.

(Expressed in Canadian dollars)

## 12.1 IFRS EXEMPTION OPTIONS (continued)

### Mandatory Exceptions Under IFRS

The IFRS 1 mandatory exceptions applied by the Company in the conversion from Canadian GAAP to IFRS is as follows:

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

**As at July 31, 2010 and August 1, 2010**

| | GAAP 31-July-2010 | IFRS Adjsutments | Note | IFRS 1-August-2010 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash | $ 124,875 | | | $ 124,875 |
| Receivables | 11,932 | | | 11,932 |
| Prepaid expense | - | | | - |
| | $ 136,807 | | | $ 136,807 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 25,127 | | | $ 25,127 |
| | 25,127 | | | 25,127 |
| Shareholders' equity: | | | | |
| Share capital (Note 8) | 406,081 | | | 406,081 |
| Contributed surplus (Note 8) | 65,018 | (65,018) | 12.1 | - |
| Reserves | | | | |
| Equity settled employee benefits | - | 58,102 | 12.1 | 58,102 |
| Warrants (Note 8d) | - | 6,916 | 12.1 | 6,916 |
| Deficit | (359,419) | | | (359,419) |
| | 111,680 | | | 111,680 |
| | $ 136,807 | | | $ 136,807 |

## 12.1 IFRS EXEMPTION OPTIONS (continued)

### (i) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

### (ii) Reclassification Within the Equity Section

Under Canadian GAAP, a balance within contributed surplus existed to record the issuance of warrants, share issue costs and equity-settled employee benefits. Upon adoption of IFRS, the balances in these accounts have been reclassified to Reserves – Equity – settled employee benefits, Reserves – Warrants.

## 12.2 Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity and comprehensive income from that previously reported under Canadian GAAP to that under IFRS. The following represent the reconciliation from Canadian GAAP to IFRS for the opening balance sheet (August 1, 2010) and July 31, 2011, the most recent annual reporting date.

**i.)** The Company's first-time adoption on shareholder's equity or comprehensive income as at October 31, 2010, had the following impact;

(Expressed in Canadian dollars)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

**As at October 31, 2010**

| | GAAP 31-October-2010 | IFRS Adjustments | Note | IFRS 31-October-2010 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash | $ 11 | | | $ 11 |
| Receivables | 1,651 | | | 1,651 |
| Prepaid expense | 31,847 | | | 31,847 |
| Due from Intigold Mines Ltd. | 72,596 | | | 72,596 |
| Share subscription held in trust | 347,545 | | | 347,545 |
| | $ 453,650 | | | $ 453,650 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 44,672 | | | $ 44,672 |
| | 44,672 | | | 44,672 |
| Shareholders' equity: | | | | |
| Share capital (Note 8) | 406,081 | | | 406,081 |
| Contributed surplus (Note 8) | 65,018 | (65,018) | 12.1 | - |
| Share subscriptions received | 347,545 | | | 347,545 |
| Reserves | | | | |
| Equity settled employee benefits | - | 58,102 | 12.1 | 58,102 |
| Warrants (Note 8d) | - | 6,916 | 12.1 | 6,916 |
| Deficit | (409,666) | | | (409,666) |
| | 408,978 | | | 408,978 |
| | $ 453,650 | | | $ 453,650 |

(Expressed in Canadian dollars)

**ii.)** The Company's first-time adoption on shareholder's equity or comprehensive income as at July 31, 2011 had the following impact;

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

**As at July 31, 2011**

| | GAAP 31-July-2011 | IFRS Adjsutments | Note | IFRS 31-July-2011 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash | $ 1,377,627 | | | $ 1,377,627 |
| Receivables | 34,270 | | | 34,270 |
| Prepaid expense | 1,328 | | | 1,328 |
| | 1,413,225 | | | 1,413,225 |
| Fixed assets (Note 5) | 1,273 | | | 1,273 |
| Mineral property interest (Note 6) | 1,855,536 | | | 1,855,536 |
| | $ 3,270,034 | | | $ 3,270,034 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 43,475 | | | $ 43,475 |
| | 43,475 | | | 43,475 |
| Future Income Tax liability | 433,705 | | | 433,705 |
| Shareholders' equity: | | | | |
| Share capital (Note 8) | 3,184,510 | | | 3,184,510 |
| Contributed surplus (Note 8) | 734,262 | (734,262) | 12.1 | - |
| Reserves | | | | |
| Equity settled employee benefits | - | 727,346 | 12.1 | 727,346 |
| Warrants (Note 8d) | 380,410 | 6,916 | 12.1 | 387,326 |
| Deficit | (1,506,328) | | | (1,506,328) |
| | 2,792,854 | | | 2,792,854 |
| | $ 3,270,034 | | | $ 3,270,034 |

**iii.)** The Company's first time adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the balance sheets and statements of loss and comprehensive loss have resulted in reclassifications of various amounts on the statements of cash flows. However, as there have been no changes to the net cash flows, no reconciliations have been presented.