

6. Inventory

	June 30, 2011	June 30, 2010
Mine operating supplies	\$ 942,383	\$ 424,629
Stockpiled ore	11,282,007	2,199,104
Material discharged from ball mill for CIL process	1,949,689	1,905,911
Work in progress	853,064	240,337
Finished goods	1,109,619	-
	\$ 16,136,762	\$ 4,769,981
Less: restricted finished goods (note 11)	1,109,619	-
	\$ 15,027,143	\$ 4,769,981

7. Financial Instruments**a. Financial Assets and Liabilities**

The carrying values of financial assets by category at June 30, 2011 and June 30, 2010 are as follows:

Financial assets	Held-for-trading		Loans and receivables	
	2011	2010	2011	2010
Cash and cash equivalents	\$ 49,063,026	\$ 3,722,746	\$ -	\$ -
Restricted cash	103,500	174,400	-	-
Accounts receivable (excluding refundable taxes)	-	-	1,924,131	1,843,755
	\$ 49,166,526	\$ 3,897,146	\$ 1,924,131	\$ 1,843,755

The Company's cash equivalents bear interest at rates of 1.20% to 1.38% (2010 – 0.60% to Prime less 2.00%) and mature on February 27, 2012 (2010 - July 14, 2010 and September 12, 2010).

The carrying values of financial liabilities by category at June 30, 2011 and June 30, 2010 are as follows:

Financial liabilities	Held for trading		Other liabilities	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
Convertible notes	\$ -	\$ -	\$ 5,290,009	\$ -
Derivative liabilities	8,087,040	-	-	-
Accounts payable and accrued liabilities	-	-	4,903,751	3,624,057
	\$ 8,087,040	\$ -	\$ 10,193,760	\$ 3,624,057

Cash and cash equivalents, restricted cash and accounts receivable are classified as Level 2 within the fair value hierarchy. The following table sets forth the Company's financial liabilities measured at fair value by level within the fair value hierarchy at June 30, 2011 (June 30, 2010 - \$Nil):

	Level 1	Level 2	Level 3	Total
Derivative liabilities	-	-	8,087,040	8,087,040

b. Financial Instrument Risk Exposure

The Company's financial instruments are exposed to certain financial risks, including market risk, credit risk, and liquidity risk.

(i) 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 is comprised of three types of risk: foreign currency risk, price risk and interest rate risk.