Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

NULEGACY GOLD CORPORATION

For the three and nine months ended December 31, 2010 and 2009

(See Notice to Readers)

Notice to Readers: Pursuant to Part 4.3(3) of National Instrument 51-102 of the Canadian Securities Administrators, this Notice advises that these interim financial statements have not been reviewed by an auditor. These financial statements have been prepared by and are the responsibility of the Company's management.

NULEGACY GOLD CORPORATION

Interim Consolidated Balance Sheets
(Expressed in Canadian dollars)

	Note	December 31, 2010 (Unaudited - prepared by management)	March 31, 2010 (Audited)
Assets			
Current assets:			
Cash and cash equivalents		$ 2,296,061	$ 1,291,960
Accounts receivable		24,745	7,969
Prepaid expenses and deposits		39,306	-
		2,360,112	1,299,929
Equipment	5	4,012	-
Mineral properties	6	1,335,568	249,589
Other assets	7	-	40,000
		$ 3,699,692	$ 1,589,518
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	8	$ 90,111	$ 137,385
		90,111	137,385
Future income tax liability		333,892	-
Shareholders' equity:			
Share capital	9	2,863,961	1,760,626
Contributed surplus		1,393,127	-
Deficit		(981,399)	(308,493)
		3,275,689	1,452,133
Nature of business and future operations	1		
		$ 3,699,692	$ 1,589,518

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors:

"Albert J. Matter"
Director

"Roger C. Steininger"
Director

NULEGACY GOLD CORPORATION

Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited - prepared by management)

	Note	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Nine Months Ended December 31, 2010	Period from incorporation on May 15 to December 31, 2009
General and administrative expenses	12	$ 269,982	$ 49,343	$ 395,363	$ 136,580
Stock based compensation	10	214,650	-	214,650	-
Amortization	5	174	-	174	-
Property evaluation		-	-	30,730	-
Write-off of receivable		-	-	11,107	-
Foreign exchange loss		25,696	-	20,916	-
Interest and other income		-	-	(34)	-
Net loss and comprehensive loss		$ 510,502	$ 49,343	$ 672,906	$ 136,580
Basic and diluted loss per share amounts	9(e)	$ 0.02	$ 0.01	$ 0.02	$ 0.02
Weighted average common shares outstanding		28,777,069	7,601,407	28,777,069	7,601,407

See accompanying notes to consolidated financial statements.

NULEGACY GOLD CORPORATION

Interim Consolidated Statements of Shareholders' Equity
(Expressed in Canadian dollars)
(Unaudited - prepared by management)

	Note	Number of shares	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income	Total
Balances, May 15, 2009 (date of incorporation)		1	$ -	$ -	$ -	$ -	$ -
Shares issued, private placements	9	28,735,000	1,778,126	-	-	-	1,778,126
Repurchase of shares	9	(1,750,000)	(17,500)	-	(20,000)	-	(37,500)
Net loss		-	-	-	(288,493)	-	(288,493)
Other comprehensive income		-	-	-	-	-	-
Balances, March 31, 2010 (audited)		26,985,001	1,760,626	-	(308,493)	-	1,452,133
Shares issued, acquisition of mineral properties	9	50,000	6,250	-	-	-	6,250
Shares issued, private placement	9	1,520,000	165,108	138,892	-	-	304,000
Shares issued, exercise of special warrants, net of issue costs	9	5,573,750	599,442	509,308	-	-	1,108,750
Shares issued, initial public offering, net of issue costs	9	4,800,000	358,682	504,130	-	-	862,812
Stock based compensation	10	-	-	214,650	-	-	214,650
Net loss		-	-	-	(672,906)	-	(672,906)
Other comprehensive income		-	-	-	-	-	-
Balances, December 31, 2010		38,928,751	$ 2,890,108	$ 1,366,980	$ (981,399)	$ -	$ 3,275,689

See accompanying notes to consolidated financial statements.

NULEGACY GOLD CORPORATION

Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited - prepared by management)

	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Nine Months Ended December 31, 2010	Period from incorporation on May 15 to December 31, 2009
Cash provided by (used in):				
Operations:				
Net loss	$ (510,502)	$ (49,343)	$ (672,906)	$ (136,580)
Items not involving cash:				
Amortization	174	-	174	-
Write-off of receivable	-	-	11,107	-
Stock-based compensation expense	214,650	-	214,650	-
Changes in non-cash operating working capital:				
Accounts receivable	(24,745)	(1,625)	(27,883)	(3,560)
Prepaid expenses and deposits	(28,167)	-	(39,306)	-
Accounts payable and accrued liabilities	4,663	1,450	(47,274)	3,869
	(343,927)	(49,518)	(561,438)	(136,271)
Financing:				
Proceeds from issuance of common shares, net of issue costs	1,828,070	671,762	2,321,812	1,239,751
	1,828,070	671,762	2,321,812	1,239,751
Investments:				
Purchase of equipment	(4,186)	-	(4,186)	-
Mineral property exploration costs	(595,807)	(56,898)	(752,087)	(56,898)
	(599,993)	(56,898)	(756,273)	(56,898)
Increase in cash and cash equivalents	884,150	565,346	1,004,101	1,046,582
Cash and cash equivalents, beginning of period	1,411,911	481,236	1,291,960	-
Cash and cash equivalents, end of period	$ 2,296,061	$ 1,046,582	$ 2,296,061	$ 1,046,582
Non cash items:				
Shares issued for the acquisition of the Red Hill property	$ -	$ 2,000	$ -	$ 2,000
Shares issued for the acquisition of the Half Ounce property	$ -	$ -	$ 6,250	

See accompanying notes to consolidated financial statements.

1. Nature of business and future operations:

NuLegacy Gold Corporation (the "Company") is incorporated under the laws of the province of British Columbia, and its principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in Nevada, USA.

These unaudited interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles assuming a going concern. The Company has incurred losses since inception and its ability to continue as a going concern depends upon its capacity to develop profitable operations and to continue to raise adequate financing. These consolidated financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

2. Basis of presentation:

These unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and are presented in Canadian dollars.

These unaudited interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, NuLegacy Gold N.V., which is incorporated in Nevada, USA.

All material intercompany balances and transactions have been eliminated.

3. Significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, which are readily convertible to known amounts of cash.

(b) Equipment:

Equipment is recorded at cost and is amortized over its estimated useful life using the straight line method over a period of two years.

(c) Mineral property interests and related asset retirement obligations:

The acquisition and exploration costs of mineral properties are deferred until the properties are placed into production, sold or abandoned. These costs are amortized on a unit-of-production basis over the estimated useful life of the related properties following the commencement of production, or written off if the properties are sold, allowed to lapse or abandoned, or when impairment has been determined to have occurred. If the deferred mineral property costs are determined not to be recoverable over the estimated useful life or are greater than the estimated fair market value, the unrecoverable portion is charged to operations in that period.

3. Significant accounting policies (continued):

(c) Mineral property interests and related asset retirement obligations (continued):

Mineral property acquisition costs include the cash consideration and the fair market value of common shares issued under agreements for mineral property interests. Costs for properties for which the Company does not possess unrestricted ownership and exploration rights, such as option agreements, are expensed in the period incurred or until a feasibility study has determined that the property is capable of commercial production. Administrative expenditures are expensed in the period incurred.

(d) Impairment of long lived assets:

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected from the asset. If the carrying amount of the long-lived asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

The Company has no material asset retirement obligations as the disturbance at the exploration sites as at December 31, 2010 has been minimal.

(e) Asset retirement obligations:

The Company's proposed mining, development and exploration activities are subject to various laws and regulations for federal, regional and provincial jurisdictions governing the protection of the environment. These laws are continually changing. The Company believes its operations are in compliance with all applicable laws and regulations. The Company expects to make expenditures in the future to comply with such laws and regulations but cannot predict the full amount or timing of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. Reclamation and remediation obligations arise from the acquisition, development, construction and normal operation of mining property, plant and equipment.

The Company follows the recommendations of CICA Handbook section 3110, "Asset Retirement Obligations" which requires recording the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the assets. The obligation is measured initially at fair value using present value methodology and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing of the underlying future cash flows. Capitalized asset retirement costs will be depreciated on the same basis as the related asset and the discounted accretion of the liability is included in determining the results of operations.

(f) Stock based compensation:

The Company accounts for all non-cash stock-based payments to non-employees, and employee awards that are direct awards of shares that call for settlement in cash or other assets, or that are share appreciation rights which call for settlement by the issuance of equity instruments, using the fair value method. Consideration received by the Company upon the exercise of share purchase options and warrants, and the stock-based compensation previously credited to contributed surplus related to such options and warrants, is credited to share capital.

3. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of potential impairments of asset values, and rates for amortization of equipment, as well as the assumptions used in determining the fair value of non-cash stock-based compensation. Actual results could differ from those estimates.

(h) Foreign currency translation:

All of the Company's foreign subsidiaries are considered integrated.

Monetary assets and liabilities of the Company and its integrated foreign operations are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates unless such items are carried at market, in which case they are translated at the exchange rates in effect on the balance sheet date.

(i) Foreign currency translation (continued):

Revenues and expenses, except amortization, are translated at average exchange rates for the period. Amortization is translated at the same exchange rates as the assets to which it relates. Foreign exchange gains or losses are recognized in the statement of operations.

(j) Segment disclosures:

The Company is operating in a single reportable segment – the acquisition, exploration and development of mineral properties in Nevada, USA.

(k) Income taxes:

The Company calculates future income tax assets and liabilities based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, using income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. Future income tax assets also result from unused loss carry-forwards and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(l) Loss per share:

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period.

3. Significant accounting policies (continued):

(l) Loss per share (continued):

When the Company is in a net loss position, diluted loss per share is not presented separately as the effect of the outstanding options and warrants would be anti-dilutive.

(m) Financial instruments:

The Company classifies all financial instruments into one of the five following categories: “held-for-trading”, “held-to-maturity”, “available-for-sale”, “loans and receivables” or “other financial liabilities”. Held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Held-for-trading instruments are measured at fair value with changes in fair value recognized in the statement of operations. Available-for-sale instruments are measured at fair value with changes in fair value excluded from earnings and reported as other comprehensive income until the financial asset is derecognized or impaired, at which time the gain or loss previously recognized in accumulated other comprehensive income is recognized in net earnings for the period. The Company has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

The Company accounts for purchases and sales of financial assets at the trade date. Transaction costs for financial assets and liabilities classified or designated as held-for-trading are recognized immediately in net income. Transaction costs for financial assets classified as available-for-sale or loans and receivables are added to the value of the instrument at acquisition and recognized in net earnings on a systematic basis using the effective interest rate method.

The Company does not enter into financial instrument contracts to hedge foreign exchange positions.

(n) Warrants:

The Company allocates the proceeds received from the issue of share units to the common shares and warrants based on their relative fair values. The fair value of the common shares is determined by the closing price on the date the transaction and the fair value of the warrants are determined using the Black-Scholes model.

(Expressed in Canadian dollars)

4. Future accounting pronouncements:

(a) Recent Accounting Pronouncements:

Business Combinations (Section 1582)

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company does not expect the adoption of these sections to have a significant effect on its financial statements.

(b) International financial reporting standards:

In February 2008, the CICA Accounting Standards Board (AcSB) confirmed the changeover to *International Financial Reporting Standards* from Canadian Generally Accepted Accounting Principles (GAAP) will be required for publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011.

IFRS conversion represents a significant change in accounting standards and the transition from current Canadian GAAP to IFRS will be a significant undertaking.

The Company has commenced training of staff and has identified the key differences in the convergence process.

5. Equipment:

December 31, 2010	Cost	Accumulated amortization	Net book value
Computer equipment	$ 4,186	$ 174	$ 4,012
	$ 4,186	$ 174	$ 4,012

March 31, 2010	Cost	Accumulated amortization	Net book value
Computer equipment	$ -	$ -	$ -
	$ -	$ -	$ -

(Expressed in Canadian dollars)

6. Mineral Properties:

	Balance at March 31, 2010	Additions during the period	Balance at December 31, 2010
Red Hill Properties			
Miranda Property			
Acquisition costs	$ 21,604	$ -	$ 21,604
Assay	1,727	22,085	23,812
Drilling	-	161,781	161,781
Fuel	-	417	417
Future income tax	-	167,609	167,609
Geological consulting	48,202	69,605	117,807
Maps	1,965	-	1,965
Meals	-	633	633
Office	-	514	514
Other	93,114	5,162	98,276
Property maintenance	-	46,104	46,104
Supplies	-	545	545
Travel	11,222	19,222	30,444
	177,834	493,677	671,511
Barrick Property			
Future income tax	-	6,146	6,146
Geological consulting	-	17,896	17,896
Meals	-	415	415
Office	-	128	128
	-	24,585	24,585
Idaho Property			
Future income tax	-	34,471	34,471
Geological consulting	-	2,683	2,683
Miscellaneous	-	25,613	25,613
Office	-	66	66
Property maintenance	-	74,238	74,238
Travel	-	814	814
	-	137,885	137,885
Total Red Hill Properties	$ 177,834	$ 656,147	$ 833,981
Wood Hills South Property			
Acquisition costs	$ 21,088	$ -	$ 21,088
Assay	-	45,161	45,161
Fuel	-	894	894
Future income tax	-	114,540	114,540
Geological consulting	20,036	122,318	142,354
Maps	98	69	167
Meals	-	796	796
Office	-	600	600
Other	11,255	6,352	17,607
Property maintenance	134	86,546	86,680
Supplies	-	118	118
Surveying	-	22,328	22,328
Travel	1,012	4,814	5,826
Total Wood Hills South Property	$ 53,623	$ 404,536	$ 458,159
Half Ounce Property			
Acquisition costs	$ -	$ 6,250	$ 6,250
Future income tax	-	11,126	11,126
Geological consulting	-	77	77
Other	18,132	-	18,132
Property maintenance	-	7,843	7,843
Total Half Ounce Property	$ 18,132	$ 25,296	$ 43,428
Total Mineral Properties	$ 249,589	$ 1,085,979	$ 1,335,568

(Expressed in Canadian dollars)

6. Mineral Properties (continued):

(a) Red Hill Properties

Eureka County, Nevada

Miranda Property

The Company has an exploration and joint venture agreement with Miranda Gold Corp. (“Miranda”) to earn a 60% interest in this project by reimbursing Miranda for its 2009 – 2010 claim maintenance fees for the property in the amount of US$11,000 cash (paid), issuing 200,000 common shares (issued), incurring a total of US$200,000 in exploration expenditures before June 30, 2010 as a binding commitment (completed), incurring an additional US$300,000 in exploration expenditures before December 31, 2010 (completed), and incurring an additional US$3,500,000 (US$5,000,000 including the Coal Canyon option below) as follows:

Expenditure deadline	Expenditure commitment ($US)	Total cumulative expenditure (US$)
September 30, 2011	700,000	1,200,000
September 30, 2012	1,050,000	2,250,000
September 30, 2013	1,400,000	3,650,000
September 30, 2014	1,850,000	5,500,000

The Company can elect to acquire a further 10% interest by preparing and bearing the costs of a feasibility study to be completed within 4 years, and incurring an additional US$1,000,000 on exploration each year. If the feasibility study is not completed, the Company must incur exploration expenditures of US$1,000,000 per year for 10 years from the date of the election in order to acquire the additional 10%. Thereafter, if either of the joint venture parties' interest falls below 10%, that party's interest reverts to a 0.5% NSR royalty.

Miranda (Coal Canyon) Option

On January 5, 2011 NuLegacy signed an agreement that incorporates Miranda Gold Corp.'s two square mile Coal Canyon property in Eureka County, Nevada into the Red Hill Prospect. The principal terms of the option for the Coal Canyon require NuLegacy Gold to issue 50,000 common shares to Miranda and to spend an additional US$1.5 million on either the Coal Canyon property or the previously optioned Red Hill property. These expenditures are included in the table above. Thus, NuLegacy can earn a 60% interest in both Miranda's Coal Canyon and Red Hill properties for a combined expenditure of US$5.5 million over four years. NuLegacy can earn an additional 10% interest in the properties by completing a feasibility study. Integration of the Coal Canyon property and its data into the Red Hill Prospect database will begin immediately and an exploration program will be established for the 2011 field season.

Barrick Property

On September 16, 2010, the Company entered into an exploration agreement with a joint venture election and option to purchase from Barrick Gold Exploration Inc. (“Barrick”) a 70% undivided interest in 818 unpatented mining claims in the Barrick Property located adjacent to the Miranda Property in Eureka County, Nevada, U.S.A. In order to exercise the option, the Company must incur a minimum of US$5,000,000 in exploration or development expenditures on the Barrick Property (inclusive of maintenance fees) as follows:

(Expressed in Canadian dollars)

6. Mineral Properties (continued):

(a) Red Hill Properties

Expenditure deadline	Expenditure commitment ($US)	Total cumulative expenditure (US$)
December 31, 2011	375,000	375,000 (firm)
December 31, 2012	875,000	1,250,000 (firm)
December 31, 2013	1,125,000	2,375,000
December 31, 2014	1,125,000	3,500,000
December 31, 2014	1,500,000	5,000,000

If the Company completes the required US$5,000,000 in expenditures and earns a 70% undivided interest in the property, Barrick will have a one-time option, exercisable within 90 days, to back into a 70% interest in the property. To complete the back in, Barrick must expend US$15,000,000 over 5 years on the exploration and development of the property at a rate of at least US$1,500,000 per year. If completed, the Company's remaining 30% interest in the property will be carried by Barrick until the commencement of commercial production on the property.

Upon completion of the Company's exploration expenditures of US$5,000,000, the Company and Barrick shall form a joint venture for further exploration of the property. If Barrick does not elect to exercise the back in right or fails to complete the requirements, the Company will hold a 70% interest and Barrick will hold a 30% interest in the joint venture. If Barrick exercises the back in right and completes the requirements, the Company will hold a 30% interest and Barrick will hold a 70% interest in the joint venture.

Idaho Property

On October 18, 2010, the Company entered into a mining lease, effective September 1, 2010 with Idaho Resources Corp. ("Idaho") for an initial 10 years, in which Idaho granted to the Company exclusive possession and control to explore, develop, mine and operate on the Idaho Property, which consists of 482 unpatented mining claims.

In order to maintain the Lease, the Company must make annual advance royalty payments of US$25,000 (paid) and issue 100,000 common shares to Idaho in each of the first five years of the Lease. Annual cash payments will then increase to US$50,000 for year six and every year thereafter. In addition, the Company must incur a total of US$4,000,000 in exploration on the property during the first five years of the Lease as follows:

Lease Year	Expenditure commitment ($US)	Aggregate amount (US$)
1	250,000	250,000 (firm)
2	750,000	1,000,000 (firm)
3	1,000,000	2,000,000
4	1,000,000	3,000,000
5	1,000,000	4,000,000

After the initial term of 10 years, the Lease will continue in full force and effect provided that the Company continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty base on all gold, silver and other ores/metals from the property. An advance royalty payment

(Expressed in Canadian dollars)

6. Mineral Properties (continued):

of US$25,000 and reimbursement of 2010-2011 BLM fees for the property totaling US$67,480 was paid to Idaho by the Company upon execution of the Mining Lease on October 18, 2010.

(b) Wood Hills South Property

Eureka County, Nevada

The Company entered into an option agreement with Au-Ex, Inc. to earn a 70% interest in this prospect by paying US$20,000 cash (paid), incurring a minimum US$5,000,000 in exploration expenditures over seven years, and completing a feasibility study.

(c) Half Ounce Property

Eureka County, Nevada

The Company entered into an agreement to earn a 70% interest in this property by issuing 50,000 common shares (issued) and incurring US$1,500,000 in exploration expenses within five years.

Expenditure deadline	Expenditure commitment ($US)	Total cumulative expenditure (US$)
December 31, 2011	100,000	100,000
December 31, 2012	300,000	400,000
December 31, 2013	600,000	1,000,000
December 31, 2014	500,000	1,500,000

7. Other assets:

This amount consists of a retainer and work fee totaling $40,000 paid to the Company’s agent in regards to the Company’s IPO. This amount was deducted against share capital upon the Company’s initial public offering.

8. Related party transactions:

Included in general and administrative expenses are fees of $208,601 (December 31, 2009 - $108,212), in property evaluation $12,130 (December 31, 2009 - Nil) in share issue costs fees of $52,580 (March 31, 2010 – Nil) and in mineral properties fees of $34,209 (March 31, 2010 - $38,761) charged by certain Officers and Directors of the Company for consulting services performed, of which $6,300 (March 31, 2010 - $14,881) are payable at period end.

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

9. Share capital:

(a) Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par value.

9. Share capital (continued):

(b) Warrants:

The following share purchase warrants were outstanding as at December 31, 2010:

Expiry date	Number of shares		Exercise price in Canadian dollars
December 9, 2011	7,093,750	$	0.30
December 9, 2011	4,600,000		0.35
June 9, 2012	460,000		0.25
December 9, 2015	250,000		0.25

(c) Share Capital:

	Shares	Warrants	Broker warrants		Share capital - gross		Share issue costs		Share capital - net		Warrants
Balances, May 15, 2009	1	-	-	$	-	$	-	$	-	$	-
Issued											
Private placement (i)	7,000,000	-	-		70,000		-		70,000		-
Private placement (ii)	13,450,000	-	-		672,500		-		672,500		-
Private placement (iii)	8,285,000	-	-		1,035,626		-		1,035,626		-
Share repurchase (iv)	(1,750,000)	-	-		(17,500)		-		(17,500)		-
Balances, March 31, 2010	26,985,001	-	-	$	1,760,626	$	-	$	1,760,626	$	-
Issued											
Mineral properties (v)	50,000	-	-		6,250		-		6,250		-
Private placement (vi)	1,520,000	1,520,000	-		165,108		-		165,108		138,892
Special warrants (vii)	5,573,750	5,573,750	-		605,442		6,000		599,442		509,308
Initial public offering (viii)	4,800,000	4,600,000	460,000		754,176		395,494		358,682		504,130
Warrants issued (iv)	-	250,000	-		(26,147)		-		(26,147)		26,147
Balances, December 31, 2010	38,928,751	11,943,750	460,000	$	3,265,455	$	401,494	$	2,863,961	$	1,178,477

(i) In July 2009, the Company completed a private placement of 7,000,000 common shares at $0.01 per share for total proceeds of $70,000.

(ii) In October 2009, the Company completed a private placement of 13,250,000 common shares at $0.05 per share for total proceeds of $662,500 and 200,000 shares at $0.05 per share for the acquisition of the Red Hill property for a value of $10,000.

(iii) In December 2009, the Company completed a private placement of 8,285,000 common shares at $0.125 per share for total proceeds of $1,035,626.

(iv) In December 2009, the Company repurchased 1,750,000 of the original shares issued in July 2009 for a total cost of $37,500 and the issuance of 250,000 share purchase warrants (upon successful listing of the Company on December 9, 2010) entitling the holder to purchase one additional common share at $0.25 per share, expiring on December 9, 2015. The fair value of the warrants issued was $26,147.

9. Share capital (continued):

(c) Share Capital (continued):

(v) In May 2010, the Company issued 50,000 common shares at $0.125 per share for the acquisition of the Half Ounce property for a value of $6,250.

(vi) In July 2010, the Company completed a private placement of 1,520,000 units at $0.20 per unit for total proceeds of $304,000. Each unit consisting of one common share and one share purchase warrant entitling the holder to purchase one additional common share at $0.30 per share, expiring on December 9, 2011. The relative fair value of the warrants issued was $138,892.

(vii) In November 2010, the Company issued 5,573,750 purchase warrants at $0.20 per warrant for total proceeds of $1,114,750, entitling the holder to convert the warrants upon the Company's initial public offering into one common share and one additional share purchase warrant at no additional cost. Upon the Company's initial public offering, all warrants were exercised resulting in 5,573,500 common shares issued and 5,573,500 share purchase warrants issued entitling the holder to purchase one additional common share at $0.30 per share, expiring on December 9, 2011. The relative fair value of the warrants issued was $509,308. The Company incurred $6,000 of fees in relation to this transaction.

(viii) On November 12, 2010 the Company filed its final prospectus with the British Columbia, Alberta, Ontario Securities Commissions and the Yukon Government offering 4,600,000 common shares at $0.25 per shares for total proceeds of $1,150,000 and 4,600,000 share purchase warrants entitling the holder to purchase one additional common share at $0.35 per share, expiring on December 9, 2011. In addition the Company issued 200,000 common shares at $0.25 as a finder's fee and 460,000 share purchase warrants to agents entitling the holder to purchase one additional common share at $0.25 per share, expiring on June 9, 2012. The relative fair value of the warrants issued was $504,130. The Company incurred $337,188 of fees in relation to this transaction.

Assumptions applied to determine the fair value of warrants granted in 2010 were: risk-free interest rate of 2.24%; no expected dividends; expected stock price volatility 119%; weighted average fair value of options granted was CAD $0.14.

(d) Escrow shares:

The Company has escrowed 6,990,001 of the issued shares of which 10% have been release for trade upon listing of the Company's shares with the balance being released over 3 years at 15% of the escrowed shares every six months. At December 31, 2010 there are 6,291,001 remaining escrowed shares.

(e) Loss per share:

The effect of dilutive securities including options, warrants and convertible debentures has not been shown as the effect of all such securities is anti-dilutive.

10. Stock option plan:

The Company amended its "fixed" share purchase option compensation plan to increase the total number of shares issuable to its directors, employees, officers, and consultants thereunder to 7,400,000 shares of the Company, subject to regulatory terms and approval.

The exercise price of each option may be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable discount from market. Options have a maximum term of ten years and must terminate within a reasonable period of time as fixed by the directors (not to exceed one year) following the termination of the optionee's employment.

A summary of the status of the Plan as of December 31, 2010, and changes during the two year period ended on that date is as follows:

	Number of shares	Weighted average exercise price in Canadian dollars
Balance, May 15, 2009 and March 31, 2010	-	$ -
Granted	4,925,000	0.25
Balance, December 31, 2010	4,925,000	$ 0.25

The following table summarizes information about the options outstanding at December 31, 2010:

	Outstanding options		Exercisable options	
Number of common shares	Weighted average remaining contractual life	Weighted average exercise price in Canadian dollars	Number of common shares	Weighted average exercise price in Canadian dollars
4,925,000	59 months	$ 0.25	1,193,750	$ 0.25

During the period ended December 31, 2010, the Company recognized stock-based compensation of $214,650 (December 31, 2009 – Nil) related to options granted. Assumptions applied to determine the fair value of options granted in 2010 were: risk-free interest rate of 2.24%; no expected dividends; expected stock price volatility 119%; weighted average fair value of options granted was CAD $0.18.

11. Capital management:

The Company's capital management policy is to maintain a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $3,275,689. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels.

The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

11. Capital management (continued):

There were no changes to the Company's approach to capital management during the period ended December 31, 2010.

12. General and administrative expenses:

	Three Months Ended December 31,		Nine Months Ended December 31,	Period from incorporation on May 15 to December 31,
	2010	2009	2010	2009
Automobile	$ -	$ 1,755	$ -	$ 5,187
Bank charges	259	75	839	209
Consulting	65,512	28,393	170,899	94,407
Dues and subscriptions	1,106	427	1,739	893
Insurance	5,094	-	7,322	-
Interest	100	65	182	81
Investor relations	874	-	874	-
Office	8,118	958	17,619	9,127
Printing and reproduction	9,718	183	13,138	420
Professional fees	6,654	5,599	125,515	8,863
Regulatory and transfer agent	16,951	-	16,951	-
Telecommunication	922	-	1,499	-
Travel and accomodation	19,416	11,888	38,786	17,393
	$ 134,724	$ 49,343	$ 395,363	$ 136,580

13. Financial instruments:

Financial instruments of the Company comprise cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments do not materially differ from their fair values due to their ability for prompt liquidation or their short terms to maturity.

Amended CICA handbook section 3862 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's cash and cash equivalents are designated as held for trading and carried at fair value on the balance sheet. These instruments would be classified as level 1 as they are valued using quoted prices.

13. Financial instruments (continued):

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

The Company has exposure to liquidity risk, foreign currency risk, price risk, credit risk and interest rate risk and as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation. All financial liabilities of the Company are due within one year and there are adequate financial assets on hand to meet these liabilities.

Foreign currency risk

Foreign currency exchange risk is the risk that the future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company's financing is raised in Canadian dollars, however a portion of the Company's operations are conducted in U.S. dollars, therefore the Company is impacted by changes in the exchange rate between the Canadian and United States dollar.

As at December 31, 2010, the net impact of currency fluctuations would be immaterial to the financial statements as whole.

Price risk

The Company is exposed to fluctuations in commodity prices.

Credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash equivalents, and accounts receivable. The cash equivalents are deposited with reputable financial institutions, from which management believes the risk of loss to be remote. The accounts receivable are all current and believed to be collectible as such the risk of loss is remote.

Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash equivalents. The Company's policy is to invest cash in fixed rate financial instruments having maturity dates of three months or less from the date of acquisition and cash reserves are to be maintained in cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Changes in market interest rates have a direct effect on the fair value of cash equivalents.

14. Segmented information:

(a) Operating segments:

The Company operates in one operating segment, which is mineral exploration in the United States. No revenue has been earned to date from the exploration activities.

(b) Geographic segments:

The Company operates in two geographic segments, Canada and the United States.

The Company's equipment is located in Canada.

All mineral property and deferred exploration costs are incurred in respect to its properties in the United States.