

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Condensed Interim Balance Sheets (unaudited)

(expressed in Canadian dollars)

	As at March 31, 2012 \$	As at June 30, 2011 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 5)	2,884,209	2,847,672
Tax credits for mining exploration	64,989	66,269
Other amounts receivable (note 6)	81,648	468,962
Prepaid expenses	16,304	9,747
	<u>3,047,150</u>	<u>3,392,650</u>
<b>Investment in an associate</b> (note 7)	4,350,000	-
<b>Mining properties</b> (note 8)	589,858	1,930,672
<b>Property, plant and equipment</b>	3,261	3,164
<b>Deferred tax assets</b>	-	384,185
	<u>7,990,269</u>	<u>5,710,671</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities		
Related companies	8,042	82,313
Others	164,306	156,148
Debt component of convertible debentures (note 9)	242,517	-
	<u>414,865</u>	<u>238,461</u>
<b>Deferred tax liabilities</b>	341,406	-
<b>Debt component of convertible debentures</b> (note 9)	-	226,363
	<u>756,271</u>	<u>464,824</u>
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 10)	29,533,694	29,432,745
<b>Warrants</b> (note 11)	25,432	100,205
<b>Stock options</b> (note 12)	182,863	236,710
<b>Contributed surplus</b>	1,352,159	1,223,539
<b>Equity component of convertible debentures</b> (note 9)	20,439	20,439
<b>Deficit</b>	(23,880,589)	(25,767,791)
<b>Accumulated other comprehensive income</b>	-	-
	<u>7,233,998</u>	<u>5,245,847</u>
	<u>7,990,269</u>	<u>5,710,671</u>

**Commitments** (note 15)

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

**Approved by the Board of Directors**

(signed) Claude St-Jacques \_\_\_\_\_, Director

(signed) Pierre St-Jacques \_\_\_\_\_, Director

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# Société d'Exploration Minière Vior Inc.

(an exploration company)

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss) (unaudited)

(expressed in Canadian dollars)

	Three-month periods ended		Nine-month periods ended	
	March 31,		March 31,	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Revenues</b>				
Royalties	41,695	46,715	62,386	80,764
Interest and others	4,413	3,295	16,297	8,202
Fees	6,013	28,566	52,496	43,650
Investment in an associate (note 7)	1,728,680	-	3,538,673	-
	<u>1,780,801</u>	<u>78,576</u>	<u>3,669,852</u>	<u>132,616</u>
<b>Expenses</b>				
Salaries and fringe benefits	54,731	47,323	142,413	132,454
Professional and maintenance fees	45,639	66,838	109,518	155,488
Management fees	7,500	7,500	22,500	22,500
Rent and office expenses	15,932	20,724	56,935	61,215
Stock-based compensation	-	-	-	95,055
Advertising and promotion	6,566	3,481	8,591	5,493
Travelling	16,426	5,303	26,753	13,369
Search for mining properties	24,535	15	24,577	939
Interest and bank charges	363	230	921	718
Interest on convertible debentures	7,479	7,185	22,602	22,908
Increase in value of the debt component of convertible debentures	5,482	4,947	16,154	14,709
Depreciation of property, plant and equipment	224	188	623	517
Share in the loss of the investment in an associate	620,234	-	663,230	-
Part XII.6 tax	186	(2,066)	502	1,033
Cost of mining properties abandoned	-	690	-	690
	<u>805,297</u>	<u>162,358</u>	<u>1,095,319</u>	<u>527,088</u>
<b>Income (loss) before deferred tax</b>	975,504	(83,782)	2,574,533	(394,472)
<b>Deferred tax</b>	(225,840)	(78,762)	(687,331)	10,109
<b>Net income (net loss) and comprehensive income (loss) for the period</b>	<u>749,664</u>	<u>(162,544)</u>	<u>1,887,202</u>	<u>(384,363)</u>
<b>Per share (note 13)</b>				
<b>Basic net earnings (net loss)</b>	<u>0.008</u>	<u>(0,002)</u>	<u>0.019</u>	<u>(0.004)</u>
<b>Diluted net earnings (net loss)</b>	<u>0.008</u>	<u>(0,002)</u>	<u>0.019</u>	<u>(0.004)</u>

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

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Condensed Interim Statements of Changes in Shareholders' Equity (unaudited)

(expressed in Canadian dollars)

	Nine-month periods ended	
	March 31,	
	2012	2011
	\$	\$
<b>Share capital</b> (note 10)		
<b>Balance - Beginning of period</b>	29,432,745	28,772,846
Private placements	-	377,974
Flow-through share financing agreements	89,445	102,273
Acquisition of mining properties	-	148,750
Payment of interest on convertible debentures	29,999	30,387
Stock options exercised	-	3,725
Warrants exercised	-	71,255
Share issue expenses	(18,495)	(74,082)
<b>Balance - End of period</b>	<b>29,533,694</b>	<b>29,433,128</b>
<b>Warrants</b> (note 11)		
<b>Balance - Beginning of period</b>	100,205	76,944
Granted	-	79,458
Expired	(74,773)	(2,297)
Exercised	-	(6,255)
<b>Balance - End of period</b>	<b>25,432</b>	<b>147,850</b>
<b>Stock options</b> (note 12)		
<b>Balance - Beginning of period</b>	236,710	182,703
Stock-based compensation	-	95,055
Exercised	-	(1,225)
Expired	(25,121)	(39,823)
Cancelled	(28,726)	-
<b>Balance - End of period</b>	<b>182,863</b>	<b>236,710</b>
<b>Contributed surplus</b>		
<b>Balance - Beginning of period</b>	1,223,539	1,133,774
Warrants matured	74,773	2,297
Stock options matured	53,847	39,823
<b>Balance - End of period</b>	<b>1,352,159</b>	<b>1,175,894</b>
<b>Equity component of convertible debentures</b>		
<b>Balance - Beginning and end of period</b>	20,439	20,439
<b>Deficit</b>		
<b>Balance - Beginning of period</b>	(25,767,791)	(26,038,820)
Net income (net loss) for the period	1,887,202	(384,363)
<b>Balance - End of period</b>	<b>(23,880,589)</b>	<b>(26,423,183)</b>

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

# Soci t  d'Exploration Mini re Vior Inc.

(an exploration company)

## Condensed Interim Statements of Cash Flows (unaudited)

(expressed in Canadian dollars)

	<b>Nine-month periods ended</b>	
	<b>March 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net income (net loss) for the period	1,887,202	(384,363)
Adjustments for:		
Interest on convertible debentures	22,602	22,908
Increase in value of the debt component of convertible debentures	16,154	14,709
Depreciation of property, plant and equipment	623	517
Investment in an associate (note 7)	(3,538,673)	-
Share in the loss of the investment in an associate	663,230	-
Deferred tax	687,331	(10,109)
Stock-based compensation	-	95,055
Cost of mining properties abandoned	-	690
	<u>(261,531)</u>	<u>(260,593)</u>
Changes in items of working capital		
Other amounts receivable	387,315	(350,530)
Prepaid expenses	(6,557)	(11,284)
Accounts payable and accrued liabilities	(108,738)	58,173
	<u>272,020</u>	<u>(303,641)</u>
	<u>10,489</u>	<u>(564,234)</u>
<b>Cash flows from financing activities</b>		
Change in share capital issued for cash, net of share issue expenses	96,505	590,330
	<u>96,505</u>	<u>590,330</u>
<b>Cash flows from investing activities</b>		
Variation in credit on duties refundable for loss and refundable tax credit receivable for resources applied against mining properties	1,320	90,407
Additions to mining properties	(120,184)	(429,914)
Fees incurred for the sale of mining properties	(42,748)	-
Receipt on option	-	1,500,000
Proceeds from sale of a mining property	91,875	36,000
Additions to property, plant and equipment	(720)	(1,107)
	<u>(70,457)</u>	<u>1,195,386</u>
<b>Increase in cash and cash equivalents</b>	36,537	1,221,482
<b>Cash and cash equivalents - Beginning of period</b>	2,847,672	276,713
<b>Cash and cash equivalents - End of period</b>	<u>2,884,209</u>	<u>1,498,195</u>

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

# Société d'Exploration Minière Vior Inc.

(an exploration company)

## Condensed Interim Statements of Cash Flows (unaudited)

(expressed in Canadian dollars)

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### Additional information

Items not affecting cash and cash equivalents related to operating, financing and investing activities:

	Nine-month periods ended	
	March 31,	
	2012	2011
	\$	\$
Acquisition of mining properties included in accounts payable and accrued liabilities	4,516	3,273
Warrants granted and included in share issue expenses	-	14,912
Acquisition of mining properties in consideration of the issuance of warrants	-	10,520
Payment of interest on convertible debentures through the issuance of shares	29,999	30,387
Change in the premium on issuance of flow-through shares included in accounts payable and accrued liabilities	12,705	31,659
Accounts payable and accrued liabilities payable in shares	58,524	-
Interest cashed	16,236	8,202

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

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Condensed Interim Financial Statements (unaudited)

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(expressed in Canadian dollars)

## 1 General information

The address of the Company's registered office is 116 St-Pierre, Suite 200, Quebec City, Quebec, Canada.

Société d'Exploration Minière Vior Inc., (the "Company"), governed by the *Quebec Business Corporations Act*, is in the business of acquiring and exploring mining properties. It has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

In addition to ongoing working capital requirements, the Company must secure sufficient funding for meeting its existing commitments for exploration and development programs and general and administration costs.

Management is periodically seeking additional forms of financing through the issuance of new equity instruments, the exercise of warrants and stock options to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding being available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

## 2 Basis of preparation and adoption of International Financial Reporting Standards ("IFRS")

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

These unaudited condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting* and IFRS 1 *First-time Adoption of IFRS*. Subject to certain transition elections disclosed in note 4, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet as at July 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of May 29, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS, that are given effect in the Company's annual financial statements for the year ending June 30, 2012 could result in restatement of these unaudited condensed interim financial statements, including the transition adjustments recognized on change-over to IFRS.

In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. These unaudited condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended June 30, 2011 as well as with the Company's condensed interim financial statements for the quarters ended September 30, 2011 and 2010 prepared in accordance with IFRS applicable to the preparation of interim financial statements.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Condensed Interim Financial Statements (unaudited)

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(expressed in Canadian dollars)

## Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates include the valuation of credit on duties refundable for loss and the refundable tax credit for resources, deferred tax assets and liabilities, the recoverability of mining properties, the valuation of the investment in an associate and convertible debentures, other liabilities, and the fair value of stock options and warrants granted. Actual results could differ from those estimates.

## 3 New accounting standards not yet adopted

In June 2011, the *International Accounting Standards Board* («IASB») amended IAS 1, *Financial Statement Presentation*. The amendment to IAS 1 requires entities to separate items presented in other comprehensive income (loss) into two groups, based on whether or not they may be recycled to the statement of income in the future. Items that will not be recycled such as remeasurements resulting from amendments to IAS 19 will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. The amendment is effective for annual periods beginning on or after July 1, 2012. Early adoption is permitted and full retrospective application is required. Management does not expect the standard to have a significant impact on the Company's financial statements.

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss).

In December 2011, the effective date has been deferred until fiscal years beginning January 1, 2015. Some transitional provisions were modified to provide relief as for applying the effective interest rate method to financial liabilities and to extend the transitional relief to entities adopting the standard early.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

## Notes to Condensed Interim Financial Statements (unaudited)

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(expressed in Canadian dollars)

In May 2011, the IASB issued a group of new standards that address the scope of the reporting entity: IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities* and IFRS 13, *Fair Value Measurement*.

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements* and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control focusing on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The renamed IAS 27 continues to be a standard dealing solely with separate financial statements and its guidance is unchanged.

IFRS 11 has changed the definitions of joint arrangements reducing the types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today.

IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

These standards are required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of these standards or determined whether it will adopt the standards early.

#### **4 Transition to IFRS**

As stated in note 2, the unaudited condensed interim financial statements of the Company have been prepared in accordance with IFRS.

The tables and notes below explain the impact that the transition from Canadian GAAP to IFRS has had on the Company's financial situation, financial performance and cash flows.

# Soci t  d'Exploration Mini re Vior Inc.

(an exploration company)

Notes to Condensed Interim Financial Statements (unaudited)

(expressed in Canadian dollars)

## (a) Reconciliation of equity as previously reported under Canadian GAAP to IFRS

		As at March 31, 2011		
		Canadian		
	Note 4d)	GAAP	Adj.	IFRS
		\$	\$	\$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		1,498,195	-	1,498,195
Tax credits for mining exploration	(iv)	-	1,320	1,320
Other amounts receivable	(iv)	425,318	(1,320)	423,998
Prepaid expenses		18,140	-	18,140
		<u>1,941,653</u>	<u>-</u>	<u>1,941,653</u>
<b>Mining properties</b>		3,550,702	-	3,550,702
<b>Property, plant and equipment</b>		3,352	-	3,352
		<u>5,495,707</u>	<u>-</u>	<u>5,495,707</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities				
Related companies		85,368	-	85,368
Others	(ii)	85,950	37,518	123,468
		<u>171,318</u>	<u>37,518</u>	<u>208,836</u>
<b>Deferred tax liabilities</b>	(ii,iii,v)	479,000	(4,248)	474,752
<b>Debt component of convertible debentures</b>		221,281	-	221,281
		<u>871,599</u>	<u>33,270</u>	<u>904,869</u>
<b>Shareholders' Equity</b>				
<b>Share capital</b>	(ii)	29,435,747	(2,619)	29,433,128
<b>Warrants</b>	(iii)	156,469	(8,619)	147,850
<b>Stock options</b>		236,710	-	236,710
<b>Contributed surplus</b>		1,175,894	-	1,175,894
<b>Equity component of convertible debentures</b>	(iii)	27,960	(7,521)	20,439
<b>Deficit</b>	(ii,iii,v)	(26,408,672)	(14,511)	(26,423,183)
<b>Accumulated other comprehensive income</b>		-	-	-
		<u>4,624,108</u>	<u>(33,270)</u>	<u>4,590,838</u>
		<u>5,495,707</u>	<u>-</u>	<u>5,495,707</u>

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Condensed Interim Financial Statements (unaudited)

(expressed in Canadian dollars)

## (b) Reconciliation of comprehensive loss as previously reported under Canadian GAAP to IFRS

	Three-month period ended March 31, 2011			Nine-month period ended March 31, 2011		
	Canadian GAAP \$	Adj. \$	IFRS \$	Canadian GAAP \$	Adj. \$	IFRS \$
Note 4d) Revenues	78,576	-	78,576	132,616	-	132,616
Expenses	162,358	-	162,358	527,088	-	527,088
Loss before deferred tax	(83,782)	-	(83,782)	(394,472)	-	(394,472)
Deferred tax (ii,iii)	(81,650)	2,888	(78,762)	8,350	1,759	10,109
Net loss	(165,432)	2,888	(162,544)	(386,122)	1,759	(384,363)
Accumulated other comprehensive income	-	-	-	-	-	-
Comprehensive loss	(165,432)	2,888	(162,544)	(386,122)	1,759	(384,363)

## (c) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company.

## (d) Explanatory notes

### (i) Financial instruments

Cash is classified as loans and receivables, while under Canadian GAAP it was classified as a held-for-trading financial instrument. The reclassification has no impact on the financial statements.

### (ii) Flow-through shares

On transition to IFRS, the Company has adopted an accounting policy whereby flow-through proceeds should be allocated between the offering of the common shares and the premium associated with the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and reversed in the statement of income as the Company spends flow-through proceeds.

Previously, the Company's Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company arising from the renunciation of the exploration and development expenditures in favour of the flow-through share subscribers.

### (iii) Convertible debentures

Under Canadian GAAP, if a compound financial instrument like a convertible debenture can be settled without incurring taxes, there is no temporary difference. The component of a compound financial instrument classified as a liability will normally be different from the tax basis of the instrument. If the liability component were to be settled for its carrying amount, this would otherwise give rise to taxable or deductible amounts that would be included in the determination of taxable income. However, Canadian GAAP recognizes that settlement of the instrument in accordance with its terms, either through settlement on maturity or conversion, might not result in the incidence of tax to the issuer. Therefore, when an entity is able to settle the instrument without the incidence of tax, the tax basis of the liability component is considered to be the same as its carrying amount and there is no temporary difference.

IFRS does not contain any special exemption relating to the recognition of deferred tax arising on compound financial instruments. Hence, a deferred tax liability is recognized with respect to any temporary difference that arises from the initial recognition of the equity component separately from the debt component. The deferred tax is charged directly to the carrying amount of the equity component. Subsequent changes in the deferred tax liability are recognized through the statement of income.

### (iv) Tax credits for mining exploration

Under IFRS, tax credits for mining exploration must be presented on a specific heading on the balance sheet while under Canadian GAAP, they were included within accounts receivable or accounts payable and accrued liabilities.

### (v) Credit on mining duties

Under IFRS, the tax basis and carrying amount of a mining property that qualifies for a credit on mining duties are the same, while under Canadian GAAP, the tax basis differs from the carrying amount.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Condensed Interim Financial Statements (unaudited)

(expressed in Canadian dollars)

## 5 Cash and cash equivalents

	<u>As at March 31,</u> <u>2012</u>	<u>As at June 30,</u> <u>2011</u>
	\$	\$
Cash and cash equivalents	2,774,839	2,731,358
Cash and cash equivalents - exploration funds	109,370	116,314
	<u>2,884,209</u>	<u>2,847,672</u>

## 6 Other amounts receivable

	<u>As at March 31,</u> <u>2012</u>	<u>As at June 30,</u> <u>2011</u>
	\$	\$
Amounts receivable under an agreement with a mining exploration company (Aurvista Gold Corporation)	45,061	413,394
Royalties receivable	28,934	50,791
Commodity taxes receivable	4,721	-
Others	2,932	4,777
	<u>81,648</u>	<u>468,962</u>

## 7 Investment in an associate

	<u>As at March 31,</u> <u>2012</u>	<u>As at June 30,</u> <u>2011</u>
	\$	\$
Aurvista Gold Corporation, under the equity method (interest of 38,06%, -% in 2010)		
Balance - Beginning of period	-	-
Acquisition of an investment	15,760,000	-
Share in the loss of the investment in an associate	(663,230)	-
Impairment Loss	(10,746,770)	-
Balance - End of period	<u>4,350,000</u>	<u>-</u>

On August 9, 2011, following the closing of its initial public offering and its listing on the TSX Venture Exchange, Aurvista Gold Corporation («Aurvista») acquired the Company's residual interest in the Douay, Douay Ouest, Douay Est and Bloc Joutel properties (collectively Douay), except for 10% in two claims of the Douay Ouest for a consideration of 21,250,000 common shares of its share capital for a gross value of \$20,293,750 at the issuing date.

As a result of this transaction, the Company holds 43.8% of the issued common shares of Aurvista. Since the Company has significant influence on Aurvista, the investment was accounted for under the equity method. On the transaction date, the investment in Aurvista was recorded based on the gross proceeds from the disposal of the Douay properties, being \$20,293,750, less a discount of \$4,533,750 related to share escrow agreements. The discount was calculated using a valuation model at an average rate of 22%, based on the release period of the escrowed shares. The Company will have to issue to the intermediaries involved in the transaction 564,200 Aurvista shares over an 18-month period in settlement of selling costs of \$538,812, less a discount of \$120,375. The amount to be paid will be adjusted based on the fair value of the shares held by the Company in Aurvista at the end of each period. Selling costs of \$42,748 were also paid to a law firm. Considering the escrow discount and the selling costs, the net proceeds amounted to \$13,903,021.

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Since its acquisition, the Company has determined that the fair value of its investment in Aurvista was lower than its carrying amount and subsequently recognized an impairment loss of \$10,746,770. The investment was reduced to the quoted market price of the Aurvista shares as at March 31, 2012 less a discount for escrow of \$577,456.

Due to the non-availability of Aurvista's financial information at the time of the release of the Company's financial statements, the Company's share in the quarterly results of Aurvista as well as the financial information (assets, liabilities, revenue and net income) of Aurvista are accounted for and presented in the Company's next quarterly financial statements. The Company's share in the results of Aurvista for the three-month period ended December 31, 2011 is accounted for in the Company's next quarter.

Aurvista's financial information as at December 31, 2011

	\$
Assets	28,234,972
Liabilities	3,494,337
Revenue	-
Net loss	1,570,399

## 8 Mining properties

### Reconciliation of mining properties

	Exploration costs	Acquisition cost		Total
		Mining properties	Claims	
	\$	\$	\$	\$
<b>Balance as at June 30, 2011</b>	1,529,870	366,784	34,018	1,930,672
Costs incurred	123,087	-	1,299	124,386
Sale of mining properties (note b)	(1,104,094)	(351,358)	(9,708)	(1,465,160)
Credit on duties refundable for loss and refundable tax credit receivable for resources applied against mining properties	(40)	-	-	(40)
<b>Balance as at March 31, 2012</b>	<b>548,823</b>	<b>15,426</b>	<b>25,609</b>	<b>589,858</b>

(a) As a result of the transaction described in note 7, Aurvista may acquire the 10% residual interest in the two claims of the Douay Ouest property in consideration of a sum of \$25,000 in the 20 years following the acquisition of the residual interest in the properties described above. If this residual interest is acquired, Aurvista shall also pay Northern Abitibi Mining Corp. ("NAM") a sum of \$80,000, remit 400,000 shares of the Company as described in the price adjustment clause included in the property acquisition agreement entered into between NAM and the Company. The Company will also issue 200,000 warrants to NAM.

(b) On August 31, 2011, the Company sold its interest in the NW/JV property to Aurvista for a cash consideration of \$91,875.

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	# claims	Undivided interest %	Balance as at July 1, 2011 \$	Costs incurred \$	Sale of mining properties, credit on duties refundable for loss and refundable tax credit receivable \$	Balance as at March 31, 2012 \$
Douay (note a)	-					
Acquisition costs		-	12,397	-	(12,397)	-
Exploration costs			584,846	-	(584,846)	-
			<u>597,243</u>	<u>-</u>	<u>(597,243)</u>	<u>-</u>
Douay Ouest (note a)	2					
Acquisition costs		10	272,602	-	(264,677)	7,925
Exploration costs			515,174	-	(500,591)	14,583
			<u>787,776</u>	<u>-</u>	<u>(765,268)</u>	<u>22,508</u>
Douay Est (note a)	-					
Acquisition costs		-	4,597	-	(4,597)	-
Exploration costs			6,043	-	(6,043)	-
			<u>10,640</u>	<u>-</u>	<u>(10,640)</u>	<u>-</u>
Beauchastel	34					
Acquisition costs		100	8,832	159	-	8,991
Exploration costs			270,290	1,066	-	271,356
			<u>279,122</u>	<u>1,225</u>	<u>-</u>	<u>280,347</u>
NW/JV (note b)	-					
Acquisition costs		-	79,262	-	(79,262)	-
Exploration costs			12,613	-	(12,613)	-
			<u>91,875</u>	<u>-</u>	<u>(91,875)</u>	<u>-</u>
Ligneris	155					
Acquisition costs		100	20,481	1,140	-	21,621
Exploration costs			122,441	457	-	122,898
			<u>142,922</u>	<u>1,597</u>	<u>-</u>	<u>144,519</u>
Veza-Noyard	22					
Acquisition costs		100	672	-	-	672
Exploration costs			18,464	121,564	(40)	139,988
			<u>19,136</u>	<u>121,564</u>	<u>(40)</u>	<u>140,660</u>
Others (note a)	-					
Acquisition costs		-	1,958	-	(134)	1,824
Exploration costs			-	-	-	-
			<u>1,958</u>	<u>-</u>	<u>(134)</u>	<u>1,824</u>
			<u>1,930,672</u>	<u>124,386</u>	<u>(1,465,200)</u>	<u>589,858</u>

All mining properties are located in the province of Quebec.

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### 9 Convertible debentures

On July 17, 2009, the Company completed the issuance of a \$100,000 debenture convertible, at the option of the holder, into common shares of the Company at a price of \$0.10 per share until July 17, 2012. The debenture bears interest at an annual rate of 12% and is payable every six months, at the Company's choice either in cash or in common shares. The amount of principal is payable on July 17, 2012 at the Company's choice in cash or in common shares.

On August 12, 2009, the Company completed the issuance of a \$150,000 debenture convertible, at the option of the holder, into common shares of the Company at a price of \$0.10 per share until August 12, 2012. The debenture bears interest at an annual rate of 12% and is payable every six months at the Company's choice either in cash or in common shares. The amount of principal is payable on August 12, 2012 at the Company's choice in cash or in common shares.

	Debt component	Equity component	Total
	\$	\$	\$
Value upon issuance	190,000	20,439	210,439
Increase in value of the debt component	52,517	-	52,517
	<u>242,517</u>	<u>20,439</u>	<u>262,956</u>

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## 10 Share capital

The share capital issued has varied as follows :

	Nine-month periods ended March 31, 2012		Year ended June 30, 2011	
	Number	\$	Number	\$
Balance - Beginning of period	96,722,675	29,432,745	88,686,638	28,772,846
Private placements	-	-	5,400,000	377,974
Flow-through share financing agreements (a)	1,277,780	89,445	681,818	150,000
Acquisition of mining properties	-	-	1,150,000	148,750
Stock options exercised	-	-	25,000	3,725
Warrants exercised	-	-	500,000	71,255
Payment of interest on convertible debentures	400,906	29,999	279,219	30,387
Share issue expenses	-	(18,495)	-	(122,192)
Balance - End of period	98,401,361	29,533,694	96,722,675	29,432,745

(a) Detail of the issuance of flow-through shares:

On December 20, 2011, the Company completed a \$115,000 flow-through private placement through the issuance of 1,277,780 shares of the Company at a price of \$0.09 per share. Share issue expenses of \$6,900 were incurred by the Company.

## 11 Warrants

The fair value of warrants is measured on the date of grant. The fair value of warrants granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the warrants were granted.

	Nine-month periods ended March 31, 2012		Year ended June 30, 2011	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding and exercisable - Beginning of period	6,903,168	0.11	4,524,518	0.13
Granted	-	-	4,822,400	0.10
Matured	(6,400,768)	0.11	(1,943,750)	0.15
exercised	-	-	(500,000)	0.13
Outstanding and exercisable - End of period	502,400	0.11	6,903,168	0.11

The following table summarizes the maturity dates of outstanding and exercisable warrants:

302,400 warrants at \$0.10 mature in September 2013;

200,000 warrants at \$0.12 mature in August 2015.

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The fair value of warrants granted was estimated using the Black & Scholes valuation model with the following assumptions:

	<b>Years Ended June 30, 2011</b>
Risk-free interest rate	1.463%
Expected volatility	63%
Dividend yield	Nil
Expected life	1.74 year
Fair value of warrants granted	\$0.016

## 12 Stock option plan

The Company maintains a stock option plan under which certain key employees, managers, directors, consultants, service providers and investor relations service providers may be granted stock options for shares of the Company. A maximum of 9,467,312 stock options may be granted (maximum of 5% of the number of common shares outstanding in favour of key employees, managers, directors and consultants, and maximum of 2% of the number of common shares outstanding in favour of investor relations service providers).

Options granted expire after a maximum of five years following the date of grant, ten years following this date for options granted after October 31, 2010. There is no vesting period.

The following tables present the stock option activity since July 1, 2010 and summarize information about fixed stock options outstanding and exercisable as at March 31, 2012:

	<b>Nine-month periods ended March 31, 2012</b>		<b>Year ended June 30, 2011</b>	
	<b>Number</b>	<b>Weighted average exercise price \$</b>	<b>Number</b>	<b>Weighted average exercise price \$</b>
Outstanding and exercisable - Beginning of period	4,025,000	0.11	3,375,000	0.14
Granted	-	-	1,940,000	0.10
Exercised	-	-	(25,000)	0.10
Matured	(140,000)	0.26	(715,000)	0.15
Cancelled	(600,000)	0.10	(550,000)	0.13
Outstanding and exercisable - End of period	3,285,000	0.11	4,025,000	0.11

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The following table summarizes information about stock options outstanding and exercisable as at March 31, 2012:

Exercise prices	Options outstanding and exercisable Number	Weighted average remaining contractual life (years)	Weighted average exercise price \$
Between \$0.10 and \$0.15	3,285,000	5.57	0.11

The fair value of stock options was estimated using the Black & Scholes valuation model with the following assumptions:

	Years Ended June 30, 2011
Risk-free interest rate	1.54%
Expected volatility	88.68%
Dividend yield	Nil
Expected life	3 years
Fair value of stock options granted	\$0.049

### 13 Earnings per share

	Three-month periods ended March 31,		Nine-month periods ended March 31,	
	2012	2011	2012	2011
Basic weighted average number of shares outstanding	98,478,249	95,676,996	98,443,409	93,254,983
Stock options	-	1,032,806	-	471,006
Warrants	-	2,057,103	-	596,204
Convertible debentures	217,017	190,474	1,082,435	-
Diluted weighted average number of shares outstanding	98,695,266	98,957,379	99,525,844	94,322,193

Items excluded from the calculation of diluted net earnings (loss) per share because the exercise price was greater than the average market price of the common shares

Stock options	3,285,000	955,000	3,285,000	1,780,000
Warrants	502,400	787,500	502,400	4,524,518
Convertible debentures	-	-	-	1,876,173

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## 14 Financial instruments

### Classification

The classification of financial instruments as at March 31, 2012 and June 30, 2011, is summarized as follows:

#### As at March 31, 2012

			Carrying value	Fair value
	Loans and receivables	Financial liabilities at amortized cost	Total	Total
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	2,884,209	-	2,884,209	2,884,209
Other amounts receivable (1)	76,927	-	76,927	76,927
	2,961,136	-	2,961,136	2,961,136
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities (1) (2)	-	148,044	148,044	148,044
Debt component of convertible debentures	-	242,517	242,517	242,517
	-	390,561	390,561	390,561

#### As at June 30, 2011

			Carrying value	Fair value
	Loans and receivables	Financial liabilities at amortized cost	Total	Total
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	2,847,672	-	2,847,672	2,847,672
Other amounts receivable (1)	468,962	-	468,962	468,962
	3,316,634	-	3,316,634	3,316,634
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities (1) (2)	-	176,607	176,607	176,607
Debt component of convertible debentures	-	226,363	226,363	226,363
	-	402,970	402,970	402,970

(1) Do not include commodity taxes receivable or payable.

(2) Do not include the flow-through share premium.

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(expressed in Canadian dollars)

Cash, other amounts receivable and accounts payable and accrued liabilities are financial instruments whose carrying value approximates their fair value due to their short-term maturity. A liability payable in shares is valued at the market value of the shares of the associate which will be issued in payment of this debt of \$58,524 included in accounts payable and accrued liabilities. Cash equivalents are valued at fair value.

The debt component of the convertible debentures is classified as financial liabilities at amortized cost. It is measured at fair value upon issuance and is then revalued at amortized cost using the effective interest method. The Company uses a 25% discount rate to calculate the fair value of convertible debentures.

## **15 Commitments**

The Company has agreed to incur Canadian exploration expenses of \$115,000 by December 31, 2012, and to transfer these tax expenditures to the subscribers of its flow-through share underwriting completed in December 2011. As at March 31, 2012, the Company has incurred an amount of \$5,630 in this regard.

The Company has a rental lease for its administrative offices with a company held by a director. The rental lease has a term of five years beginning on November 1, 2009 and ending on October 31, 2014. The annual cost is \$17,712 and will be subject to an annual raise according to the consumer price index with a minimum of 2% annually.