Starfire Minerals Inc.

Condensed Consolidated Interim Financial Statements

Nine Months Ended July 31, 2012

Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Starfire Minerals Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars – unaudited)

	Notes	July 31, 2012	October 31, 2011 (Note 19)	November 1, 2011 (Note 19)
ASSETS				
Current assets				
Cash and cash equivalents	4	$ (39,599)	$ 1,351	$ -
Receivables	5	35,381	16,086	34,780
		(4,218)	17,437	34,780
Non-current assets				
Reclamation deposits		5,000	5,000	5,000
Exploration and evaluation assets	6	5,152,563	5,150,083	5,153,780
		5,157,563	5,155,083	5,158,780
TOTAL ASSETS		**$ 5,153,345**	**$ 5,172,520**	**$ 5,174,600**
LIABILITIES				
Current liabilities				
Accounts Payable and accrued liabilities	8	$ 212,615	$ 223,284	$ 204,315
Due to related parties	13	1,958,601	1,447,142	1,485,463
Bank Loan	7	670,492	638,479	638,479
TOTAL LIABILIITES		**2,841,708**	**2,308,905**	**2,328,257**
SHAREHOLDERS' EQUITY				
Share capital	11	14,716,670	14,716,670	14,716,670
Contributed Surplus		1,025,723	1,025,723	1,025,723
Deficit		(13,430,756)	(12,878,778)	(12,896,050)
TOTAL EQUITY		**2,311,637**	**2,863,615**	**2,846,343**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 5,153,345**	**$ 5,172,520**	**$ 5,174,600**

Starfire Minerals Inc.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars – unaudited)

	Notes	Three Months ended July 31, **2012**	Three Months ended July 31, 2011 (Note 19)	Nine Months ended July 31, **2012**	Nine Months ended July 31, 2011
Expenses					
Bank charges		$ 116	$ 74	$ 593	$ 428
Interest Charges		52,884		123,838	
Consulting		-	-	-	-
Cash		66,110	66,410	216,565	201,160
Stock Based		-	-	-	-
Investor Relations		(2,412)	-	(2,412)	-
Office and Miscellaneous		27,269	47,006	83,693	94,315
Professional Fees		22,178	21,900	97,634	88,387
Rent		9,000	9,000	27,000	37,200
Transfer Agent's Fees		1,266	820	9,688	6,154
		176,411	145,210	556,599	436,664
Other Items					
Interest and miscellaneous income		5	3	4,620	21
Gain on mineral property option		-	-	-	-
		5	3	4,620	21
Loss before income taxes		**(176,406)**	(145,207)	**(551,979)**	(436,623)
Future Income tax recovery		-	-	-	-
Net loss for the period		**$ (176,406)**	$ (145,207)	**$ (551,979)**	$ (436,623)
Total comprehensive loss for the period		**$ (176,406)**	$ (145,207)	**$ (551,979)**	$ (436,623)
Loss per share – basic and diluted		$ **(0.049)**	$ (0.01)	$ **(0.049)**	$ (0.01)

Starfire Minerals Inc.
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars – unaudited)

		Share capital		Reserves				
	Notes	Number of shares	Amount	Stock option reserve	Foreign currency translation reserve	Investment revaluation reserve	Deficit	Total
Restated balance at November 1, 2010		**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Comprehensive income:								
Loss for the period		-	-	-	-	-	-	-
Other comprehensive income (loss)		-	-	-	-	-	-	-
Total comprehensive loss for the period		-	-	-	-	-	-	-
Transactions with owners, in their capacity as owners, and other transfers:								
Shares issued for cash – private placement		-	-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-	-
Shares issued for cash – option exercise		-	-	-	-	-	-	-
Shares issued to acquire exploration and evaluation asset		-	-	-	-	-	-	-
Stock-based compensation		-	-	-	-	-	-	-
Total transactions with owners and other transfers		-	-	-	-	-	-	-
Restated balance at July 31, 2011		**85,737,100**	**$ 14,716,670**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Restated balance at November 1, 2011		**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Comprehensive income:								
Loss for the period		-	-	-	-	-	-	-
Other comprehensive income (loss)		-	-	-	-	-	-	-
Total comprehensive loss for the period		85,737,100	14,716,670	-	-	-	-	-
Transactions with owners, in their capacity as owners, and other transfers:								
Shares issued for cash – private placement		-	-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-	-
Shares issued for cash – option exercise		-	-	-	-	-	-	-
Shares issued to acquire exploration and evaluation asset		-	-	-	-	-	-	-
Stock-based compensation		-	-	-	-	-	-	-
Total transactions with owners and other transfers		-	-	-	-	-	-	-
Restated balance at July 31, 2012		**2,143,431**	**$ 14,716,670**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

See accompanying notes to the consolidated financial statements

Starfire Minerals Inc.
Consolidated statements of cash flows
(Expressed in Canadian dollars – unaudited)

	Three month period ending July 31,		Nine month period ending July 31,	
	2012	2011	2012	2011
Operating activities				
Loss before Income taxes	$ (176,406)	$ (145,207)	$ (551,979)	$ (436,623)
Changes in non-cash working capital items:				
HST receivable	(14,909)	1,502	(19,295)	19,487
Accounts payable and accrued Liabilities	42,378	11,171	209,073	446,922
Net Cash Flows from (used in) operating activities	(148,937)	(132,534)	(362,201)	(29,786)
Investing activities				
Expenditures on exploration and evaluation assets	(300)	8,013	(2,480)	(369,386)
Interest Income		-		-
Net Cash flows from (used in) investing activities	(300)	(125,299)	(2,480)	(369,386)
Financing Activities				
Due to related Parties	89,127	122,421	291,717	339,971
Bank Loan	10,755		32,014	
Net cash flows from (used in) financing activities	99,882	122,421	(323,731)	339,971
Increase (decrease) in cash and cash equivalents	(49,355)	(2,100)	(40,950)	371
Effect of exchange rates on cash holdings in foreign currencies	-	-	-	-
Cash and cash equivalents, beginning	9,756	2,471	1,351	-
Cash and cash equivalents, ending	(39,599)	371	(39,599)	371

1. Nature and continuance of operations

Starfire Minerals Inc. (the "Company") was incorporated on November 14, 1986, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "SFR". The Company has also been inter-listed on the Berlin and Stuttgart Exchanges in Germany and began trading in late January 2005 under the symbol WKN 784-574.

The head office and principal address is Unit 3B – 19299 – 94th Avenue, Surrey, BC, V4N 4E6 and the official records office of the Company is located at 736 Granville Street, Suite 1100, Vancouver, British Columbia, Canada, V6Z 1G3. The Company's registered address is Unit 3B – 19299 – 94th Avenue, Surrey, BC, V4N 4E6.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries (the "Group") will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at July 31, 2012 the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on September 28, 2012 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 October 2011.

Basis of preparation

The consolidated financial statements of the Group have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis of preparation (cont'd)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned*	
	Country of incorporation	**July 31, 2012**	**July 31, 2011**
Starfire Nickel Inc.	Canada	100%	100%
Starfire Uranium Inc.	Canada	100%	100%
Starfire Precious Metals Inc.	Canada	100%	100%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Inter-Companies have been inactive.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Foreign currency translation

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the subsidiaries of the Group, should they become active would be in Canadian dollars. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

2. Significant accounting policies and basis of preparation (cont'd)

Foreign currency translation *(cont'd)*

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Group companies:

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Transactions and balances:

Foreign currency transactions would be translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items would be translated at the period-end exchange rate. The Company has not incurred any foreign currency transactions to date.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Group has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest would be first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farms outs

The Group does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

2. **Significant accounting policies and basis of preparation** (cont'd)

Share-based payments

The Group operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

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

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments *(cont'd)*

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Group does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Group's assets (which include property, plant and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

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

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes *(cont'd)*

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Any premium received by the Group on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in accounts payable and accrued liabilities. Upon renouncement by the Group of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Group will reduce the deferred tax liability and record a deferred tax recovery.

Restoration and environmental obligations

The Group recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Group's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Group's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Group's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Group's accounting policy for exploration and evaluation assets.

(Expressed in Canadian dollars - unaudited)

2. Significant accounting policies and basis of preparation (cont'd)

Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the fair value of the leased property, plant and equipment or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

The Company has no outstanding Leases.

3. Accounting standards issued by not yet effective

Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011

Accounting standards issued by not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2013.

The Group has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

4. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

		July 31, 2012		October 31, 2011
Cash at bank	$	(39,599)	$	1,351
Guaranteed investment certificates		-		-
	$	(39,599)	$	1,351

5. Accounts receivable

		July 31, 2012		October 31, 2011
HST receivable		35,381		16,086
	$	35,381	$	16,086

(Expressed in Canadian dollars - unaudited)

6. Exploration and evaluation assets

	Canada						Total for three month period ended July 31, 2012	Total for year ended October 31, 2011
	Porphyry Pearl	Langmuir South	Carmen	Shaw	Eldorado	Lordeau		
Property acquisition costs								
Balance, beginning of period	$ 1,467,000	$ 52	$ -	$ -	$ -	$ -	$ 1,467,052	$ 1,467,052
Additions	-	-	-	-	-	-	-	-
Proceeds from farm outs	-	-	-	-	-	-	-	-
Write-down due to impairment	-	-	-	-	-	-	-	-
Balance, end of period	$ 1,467,000	$ 52	$ -	$ -	$ -	$ -	$ 1,467,052	$ 1,467,052
Exploration and evaluation costs								
Balance, beginning of period	$ 2,760,413	$ 901,030	$ 1	$ 1	$ 25,165	$ 1	$ 3,686,611	$ 3.688,031
Costs incurred during period:								
Claim maintenance and lease costs	300	-	-	-	-	-	-	-
Drilling and related costs	-	-	-	-	-	-	-	-
Field and camp costs	-	-	-	-	-	-	-	-
Geological consulting	-	-	-	-	-	-	-	-
Project administration	-	-	-	-	-	-	-	-
Reclamation and environmental	-	-	-	-	-	-	-	-
Travel and accommodation	-	-	-	-	-	-	-	-
							-	
Recovery of costs during period:								
Exploration tax credits	-	-	-	-	-	-	-	-
Proceeds from farm outs	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Other:								
Exploration tax credits	-	-	-	-	-	-	-	-
Increase in restoration and environmental obligation	-	-	-	-	-	-	-	-
Sale of exploration and evaluation asset	-	-	-	-	-	-	-	-
Write-down due to impairment	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balance, end of period	$ 4,227,713	$ 901,082	$ 1	$ 1	$ 25,165	$ 1	$ 5,153,663	$ 5,155,083
Total	$ 4,227,713	$ 901,082	$ 1	$ 1	$ 25,165	$ 1	$ 5,153,663	$ 5,155,083

6. Exploration and evaluation assets (cont'd)

The following is a description of the Group's exploration and evaluation assets and the related spending commitments:

Carman Township Property, Ontario:

During the year ended October 31, 1999, the Company entered into an option agreement to acquire a 50% interest in mineral claims in the Carman Township within the Porcupine Mining Division, Ontario. To earn this interest, the Company issued 76,000 shares, at a deemed value of $7,500 plus cash, subject to 3% net smelter return ("NSR") in favour of the Optionors, 1% of which may be purchased by the Company for a cash payment of $1,000,000 at any time prior to production. During the year ended October 31, 2005, the Company wrote down the property to $1. During the year ended 2006, the Company spent $9,801.

Eldorado Township, Ontario:

During the year ended October 31, 2001, the Company entered into an option agreement to acquire a 100% interest in a mineral claim in the Eldorado Township within the Porcupine Mining Division, Ontario. To earn this interest, the Company issued 75,000 shares, at a deemed value of $7,500 plus cash, subject to a 2% NSR in favour of the Optionors, 1% of which may be purchased by the Company for a cash payment of $1,000,000. The Company wrote down the property to $1. During the year ended October 31, 2011, the Company spent $5,400 reviewing the project for potential exploration work.

Langmuir South, Ontario:

During the year ended October 31, 2001, the Company entered into an option agreement to acquire 4 claims in the Timmins Division, Ontario. To earn this interest, the Company issued 160,000 shares, at a deemed value of $16,000 and paid $5,000, subject to a 2% NSR royalty in favour of the Optionors, 1% of which may be purchased by the Company for a cash payment of $1,000,000. Subsequent to October 31, 2001, the Company wrote down the Property to $1. The Company will review the property, subject to raising sufficient capital and will consider further exploration.

(Expressed in Canadian dollars - unaudited)

6. Exploration and evaluation assets (cont'd)

Porphyry Pearl Property, BC:

On February 21, 2006, as amended on August 15, 2006 and on July 30th, 2009, the Company entered into a Mining Option Agreement to acquire a 100% interest in 14 mineral claims located in the Omineca Mining Division, BC called the Porphyry Pearl Claims ("Pearl Claims"). Under the terms of the Agreement, the Company would acquire a 100% undivided interest in the Pearl Claims in consideration of cash payment of $730,000, issue 3,600,000 shares and incur $4,750,000 of exploration expenditure as follows:

Option Exercise Schedule	Issue Shares	Make Payment	Exploration Expenditure	3rd Party Payments
On Agreement execution date	-	$15,000(1)	-	$2,500(1)
Within 10 days of TSX approval	400,000(1)	-	-	-
On or before August 24, 2006				$2,500(1)
On or before January 12, 2007	800,000(1)	-	-	-
First anniversary of the Agreement	-	-	$400,000(1)	$2,500(1)
On or before August 24, 2007	-	-	-	$2,500(1)
On or before October 15, 2007	-	$50,000(1)	-	-
On or before January 12, 2008	800,000(1)	-	-	-
Second anniversary of the Agreement	-	$65,000(1)	$750,000(1)	$2,500(1)
On or before October 15, 2008	-	$150,000(1)	-	-
On or before January 12, 2009	800,000(1)	-	-	-
Third anniversary of the Agreement	-	-	$1,000,000(1)	-
On or before October 30, 2009	-	$75,000(1)	-	-
On or before January 12, 2010	800,000(1)	-	-	-
On or before October 15, 2010	-	$250,000(1)	-	-
Fifth anniversary of the Agreement	-	-	$1,100,000	-
On or before October 15, 2011	-	$125,000(1)	-	-
Sixth anniversary of the Agreement	-	-	$1,500,000	-
Total	**3,600,000**	**$730,000**	**$4,750,000**	**$12,500**

(1) Shares have been delivered and payments made and exploration expenditures incurred

The Property is subject to 3% NSR of which 1.5% can be purchased within 30 days of the Property being placed into commercial production for the sum of $3,000,000. Two claims units comprising part of the Pearl Claims are subject to cash payments to a third party. The Company made a $12,500 payment to the third party for fulfillment of the cash payment requirement. The two claims are also subject to 2% NSR which can be purchased up to a 50% aggregate for a sum of $3,000,000. During the first quarter of 2010, the Company issued 800,000 shares with a fair value of $0.24 per share. The Company, during fiscal year, completed cash payments of $250,000 and $125,000. The Company also completed arrangements to exercise option to acquire 100% interest in 14 claims by way of payment of $200,000 cash in lieu of any further exploration expenditure requirements. The claims ownership is now registered in name of Starfire Minerals Inc.

(Expressed in Canadian dollars - unaudited)

6. Exploration and evaluation assets (cont'd)

Shaw Township, Ontario:

On March 22, 2006, the Company signed a mineral property option agreement to acquire 100% interest in 2 claims located in the Shaw Township of Ontario. To earn this interest, the Company is to issue a total of 200,000 shares, made cash payment of $10,000 and is to incur $25,000 in exploration expenditures as follows:

Option Exercise Schedule	Issue Shares	Make Payment	Exploration Expenditures
Within 10 days of TSX approval	100,000(1)	$ 10,000(1)	-
On or before May 30, 2006	-	-	$ 25,000(1)
On or before March 22, 2007 (1st Anniversary)	100,000(1)	-	-
Total	200,000	$ 10,000	$ 25,000

(1) Shares have been delivered, payment made and exploration expenditures incurred.

It has been agreed that within the area of interest of 10 miles radius be added to the property when any additional properties are staked or acquired by the Company. The Property is subject to 2% NSR which 1.5% can be purchased for a purchase price of $1,500,000.

Lordeau Property, Quebec:

During the year ended October 31, 2008 the Company acquired 18 mineral property claims through staking in the Opinaca Area of Northern Quebec at a cost of $2,976.

During the year ended October 31, 2008, the Company entered into an option agreement with Santos Resources Inc. "Santos", a company with a common director. Santos can earn a 75% interest in the mineral claims in the Lordeau property for $10,000 (received) cash payment, issuance of 75,000 Santos Shares, and $50,000 of expenditures ($25,000 on or before September 30, 2008 and $25,000 before July 25, 2009). If Santos does not incur the exploration expenditures a cash payment, in the same amount, would be due to the Company. No value was attributed to the 75,000 shares as their fair value could not be reasonably determined. Santos made a payment of $25,000 to the Company for the $25,000 expenditures that were not incurred before September 30, 2008. The expenditure of $25,000 required by July 25, 2009 was amended to $10,260 on or before May 11, 2009 and 14,740 on or before April 10, 2010. Payment of $10,260 was received during the year ended October 31, 2009. The Company retains a 3.0% NSR of which up to two-thirds (2.0% of the 3.0% NSR) (the "Re-purchasable NSR") can be purchased by Santos on the basis of $100,000 for each one-tenth percent of the initial half of the Re-purchasable NSR ($100,000 per 0.1% NSR up to 1.0% of the 3.0% NSR) and thereafter at $150,000 for each one-tenth percent of the balance of the Re-purchasable NSR ($150,000 per 0.1% NSR from 1.1% to 2.0% of the 3.0% NSR). While no exploration work was performed for the Company's fiscal year 2011, with completion of payments 75% Santos Resources and 25% Starfire Minerals Inc. to Quebec Directors of Titles the Lordeau property titles have been extended to expiration date July, 13, 2013. (See Note 4)

(Expressed in Canadian dollars - unaudited)

7. Credit facility

	Three month period ended July 31, 2012	Year ended October 31, 2011
Balance, beginning of period	$ 659,737	$ -
Increase in the liability for the period	-	638,479
Interest incurred	10,755	-
Balance, end of period	$ 670,492	$ 638,479

8. Accounts payable and accrued liabilities

	July 31, 2012	October 31, 2011
Accounts payable	$ 190,615	$ 201,284
Amounts due to related parties (Note 16)	1,958,601	1,447,142
Accrued liabilities	22,000	22,000
	$ 2,171,216	$ 1,670,426

9. Lease obligations and commitments

Finance lease obligations

The Company has no outstanding Leases.

10. Reclamation Bonds

The Company has posted a $5,000.00 Safekeeping Agreement (October 31, 2011 - $5,000) with the Ministry of Energy, Mines and Petroleum Resources of British Columbia. This deposit earns interest at a nominal rate.

11. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At July 31, 2012 there were 2,143,431 issued and fully paid common shares (October 31, 2011 – 85,737,100).

Private placements

The Company did not complete any non-brokered private placements during this period.

(Expressed in Canadian dollars - unaudited)

11. Share capital (cont'd)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

Options granted typically vest one-third per year on each anniversary subsequent to the grant date.

The changes in options during the three month period ended July 31, 2012 and the year ended October 31, 2011 are as follows:

	July 31, 2012		October 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	102,625	$ 4.00	6,200,000	$ 0.10
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options expired	-	-	820,000	-
Options forfeited	-	-	-	-
Options outstanding, end of period	102,625	$ 4.00	5,380,000	$ 0.10
Options exercisable, end of period	102,625	$ 4.00	5,380,000	$ 0.10

The weighted average share price of options exercised during the three month period ended July 31, 2012 was $4.00 (2011 - $0.10).

Options with an expiry date of August 20, 2012 have expired and the balance outstanding is 63, 875.

(Expressed in Canadian dollars - unaudited)

11. Share capital (cont'd)

***Stock options** (cont'd)*

Details of options outstanding as at July 31, 2011 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
$4.00	.25 years	1,550,000
$4.00	1.4 years	2,555,000
$4.00	.82 years	4,1055,000

The weighted average grant date fair value of options granted during the three month period ended July 31, 2012 was $4.00 (2011 - $0.19). The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	Three month period ended July 31, 2012	Year ended October 31, 2011
There were no options granted during this period.		

12. Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

(Expressed in Canadian dollars - unaudited)

13. Related party transactions

Related party balances

The following amounts due to related parties are included in accounts payable and accrued liabilities:

		July 31, 2012		October 31, 2011
Companies controlled by directors of the Company	$	734,566	$	514,824
Directors of subsidiaries of the Group		-		-
	$	734,566	$	514,824

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Related party transactions

The Group incurred the following transactions with companies that are controlled by directors of the Company.

	Year End & Nine months period ended			
		July 31, 2012		October 31, 2011
Mineral Properties	$	2,480	$	-
Consulting Fees		216,565		231,000
Office and Miscellaneous		84,422		116,088
Professional Fees		97,634		75,600
Interest		123,878		75,510
Rent		27,000		46,200
	$	551,979	$	544,398

14. Financial risk management

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

(Expressed in Canadian dollars - unaudited)

14. Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has a planning and budgeting process in place to help determine the funds required to support the Group's normal operating requirements on an ongoing basis. The Group ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Group's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Group's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Group's non-derivative financial liabilities as at July 31, 2012:

	Within one year	Between one and five years	More than five years
Credit facility	$ -	$ 330,909	$ -
Accounts payable	-	-	-
Finance lease obligations	-	-	-
	$ -	$ 330,909	$ -

Foreign exchange risk

The Company's foreign exchange risk would be limited to foreign exchange activity, which at present, is nil.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Group's net loss of $10,000.

Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Group consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At July 31, 2012 there were 2,143,431 issued and fully paid common shares (October 31, 2011 – 85,737,100).

(Expressed in Canadian dollars - unaudited)

14. Financial Risk Management (cont'd)

Private placements

The Company did not complete any non-brokered private placements during this period.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		July 31, 2012		**October 31, 2011**
Cash and cash equivalents	$	-	$	1,351
Loans and receivables:				
Other receivables		35,381		16,086
Reclamation deposits		5,000		5,000
Available-for-sale financial instruments:				
Short-term investments		-		-
	$	40,381	$	22,437

Financial liabilities included in the statement of financial position are as follows:

		July 31, 2012		**October 31, 2011**
Non-derivative financial liabilities:				
Credit facility	$	339,583	$	321,267
Accounts payable		190,615		213,716
Finance lease obligations		-		-
	$	530,198	$	534,983

Fair value

The fair value of the Group's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

(Expressed in Canadian dollars - unaudited)

14. Financial risk management (cont'd)

***Fair value** (cont'd)*

The following is an analysis of the Group's financial assets measured at fair value as at July 31, 2012 and October 31, 2011:

	As at July 31, 2012		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ -	$ -	$ -
	$ -	$ -	$ -

	As at October 31, 2011		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 1,351	$ -	$ -
	-	-	-
	$ 1,351	$ -	$ -

15. Segmented information

Operating segments

The Group operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Group's non-current assets are located in the following countries:

	As at July 31, 2012	
	Canada	**Total**
Reclamation deposits	$ 5,000	$ 5,000
	$ 5,000	$ 5,000

	As at July 31, 2011	
	Canada	**Total**
Reclamation deposits	$ 5,000	$ 5,000
	$ 5,000	$ 5,000

16. Non-cash transactions

The Company did not incur any non-cash transactions that are not reflected in the statement of cash flows.

17. Contingency

Flow-through Shares

The company has no outstanding commitments..

If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitments within the given time constraints.

18. Transition to IFRS

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Group has adopted IFRS in these financial statements, making them the third interim financial statements of the Group under IFRS. The Group previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", November 1, 2010 has been considered to be the date of transition to IFRS by the Group. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Group has applied the following optional transition exemptions to full retrospective application of IFRS:

- IFRS 3 "Business Combinations" has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.
- IAS 21 "The Effects of Changes in Foreign Exchange Rates" has not been applied to cumulative translation differences that existed at the date of transition to IFRS. The Group has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

19. Transition to IFRS (cont'd)

- IFRS 2 "Share-based Payment" has not been applied to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Group has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.

- IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" has been applied prospectively to all provisions for restoration and environmental obligations that are within the scope of International Financial Reporting Interpretations Committee ("IFRIC") "Changes in Existing Decommissioning, Restoration and Similar Liabilities". The Group has:

    - re-measured the liabilities as at January 1, 2010 in accordance with IAS 37;

    - estimated the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rates that would have applied for that liability over the intervening period; and

    - calculate the accumulated depreciation on that amount, as at January 1, 2010, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity.

Transition to IFRS (cont'd)

Notes to reconciliations

(a) Functional and presentation currency

IFRS requires that the functional currency of each entity in the consolidated Group be determined separately in accordance with the indicators as per IAS 21 "The Effects of Changes in Foreign Exchange Rates" and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Canadian dollars which is the Group's presentation currency.

Under IFRS, the results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income and are recognized in the profit or loss in the period in which the operation is disposed.

Under IFRS, the cash flow statement of the group must be prepared in the functional currency and then translated to the presentation currency at the exchange rates at the date of the cash flows or an average rate in line with the income statement treatment.

(b) Provision for restoration and environmental obligations

Under Canadian GAAP, asset retirement obligations are measured at fair value, incorporating market assumptions and discount rates based on the entity's credit-adjusted risk-free rate. Adjustments are made to asset retirement obligations for changes in the timing or amount of the cash flows and the unwinding of the discount. However, changes in discount rates alone do not result in a re-measurement of the provision. Changes in estimates that decrease the liability are discounted using the discount rate applied upon initial recognition of the liability while changes that increase the liability are discounted using the current discount rate.

IFRS requires decommissioning provisions to be measured based on management's best estimate of the expenditures that will be made and adjustments to the provision are made in each period for changes in the timing or amount of cash flow, changes in the discount rate, and the accretion of the liability to fair value (unwinding of the discount). Furthermore, the estimated future cash flows should be discounted using the current rates.

Transition to IFRS (cont'd)

Notes to reconciliations *(cont'd)*

(c) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146 "Flow-through Shares". At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a future income tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP the Company recorded any deferred tax recovery eligible to be recognized to offset the deferred tax charge to equity as a tax recovery in the statement of operations.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through tax liability and included in accounts payable and accrued liabilities. Upon renouncement by the Group of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Group will reduce the deferred tax liability and record a deferred tax recovery.

(d) Deferred tax liabilities

The Group has previously purchased assets where the carrying value of the asset on initial recognition differs from the tax value of the asset on initial recognition. Under Canadian GAAP, a deferred tax liability is recognized for the resulting temporary difference, with a corresponding increase to the value of the asset recorded. IAS 12 "Income Taxes" does not permit the recognition of a deferred income tax asset or liability resulting from differences between the carrying value and tax value of an asset or liability on initial recognition, unless acquired as part of a business combination.

(e) Warrants

Under Canadian GAAP the Group classified warrants it issued in Canadian dollars to purchase common shares as equity instruments. Under IFRS, warrants issued by the Group to purchase common shares, for a fixed price stated in a currency other than the functional currency of the issuing entity and not offered pro rata to all existing shareholders of the same class at the time of issuance, are considered derivative financial liabilities. Such warrants are required to be measured and recognized at fair value with changes subsequent to initial recognition charged to profit or loss. The Company determined fair value of the warrants using the Black-Scholes option pricing model.

(f) Share-based payments

The Group grants stock options that have a graded vesting schedule. Under Canadian GAAP, the Group accounted for grants of options with graded vesting as a single award and determined the fair value using the average life of the options granted. Stock-based compensation was recognized on a straight-line basis over the total vesting period. Under IFRS, the Group treats each installment as its own award. Therefore, each installment is measured and recognized separately.

On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments whereby amounts recorded for expired unexercised stock options are transferred to deficit. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

Transition to IFRS (cont'd)

Notes to reconciliations *(cont'd)*

(g) Reserves

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have not been reclassified as reserves.

(h) Interest income

Under Canadian GAAP, the Group classified interest income as operating activities. Under IFRS, interest income has been reclassified as an investing activity.