SOLOMON RESOURCES LIMITED

An Exploration Stage Company

Condensed Consolidated Interim Financial Statements

Three months ended October 31, 2011 and October 31, 2010

Unaudited

Expressed in Canadian Dollars

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SOLOMON RESOURCES LTD.

An Exploration Stage Company

2701B Highway 6, P O Box 938, Vernon, BC, CANADA, V1T 6M8
Telephone (778) 475-5551   Fax (778) 475-5541   Web Site: www.solomonresources.ca

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

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 financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

For further information please contact:

Randall S Rogers, CEO
Phone: (778) 475-5551
Fax: (778) 475-5541

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statement of Financial Position

(unaudited - expressed in Canadian Dollars)

	Note	October 31, 2011	July 31, 2011	August 1, 2010
			Note 18	Note 18
Assets				
Cash		$ 29,163	263,179	573,353
Reclamation deposit		-	-	18,000
Tenement bond	5	2,121	2,101	11,164
Receivables		30,929	47,658	37,326
Prepaid expenses		19,970	49,515	78,360
Total current assets		82,183	362,453	718,203
Reclamation deposit	6	10,000	10,000	10,000
Equipment	7	73,454	82,460	23,224
Mineral Property interests	8	2,058,835	1,875,498	1,176,543
Total non-current assets		2,142,289	1,967,958	1,209,767
Total assets		**$ 2,224,472**	**2,330,411**	**1,927,970**
Liabilities				
Accounts payable and accrued liabilities		$ 153,354	181,615	274,452
Total liabilities		153,354	181,615	274,452
Equity				
Share Capital	9	29,348,425	29,348,425	27,798,018
Contributed Surplus		1,237,575	1,237,575	1,010,935
Accumulated Deficit		(28,514,882)	(28,437,204)	(27,155,435)
Total equity		2,071,118	2,148,796	1,653,518
Total equity and liabilities		**$ 2,224,472**	**2,330,411**	**1,927,970**
Going concern	2			
Commitments	16			
Subsequent events	17			

The notes form an integral part of these condensed consolidated interim financial statements

Approved on behalf of the Board:

"Ron Netolitzky"	*"Randy Rogers"*
Ron Netolitzky, Director	**Randy Rogers, Director**

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statements of Interim Comprehensive Income
(unaudited - expressed in Canadian Dollars)

		Three months ended October 31	
		2011	**2010**
			Note 18
General and Administrative Expenses			
Management fees	$	30,618	48,687
Travel, promotion and shareholder costs		10,649	38,505
Professional fees		21,038	7,010
Property investigation		8,304	-
Office and miscellaneous		10,833	13,502
Rent		9,447	5,118
Property maintenance		7,031	-
Transfer agent fees		983	2,920
Amortization		7,580	6,314
Total general and administrative expenses		106,482	122,056
Other items			
Oil and gas royalties		673	5,263
Interest received		5	917
Write off of expenditures on mineral properties		-	(4,097)
Recovery of expenditures on mineral properties		27,868	-
Gain / (loss) on exchange		259	353
Total other items		28,804	2,436
Loss before income taxes		(77,678)	(119,620)
Income tax recovery / (Expense)	Note 10		
Current		-	-
Deferred		-	-
Comprehensive loss for the period	**$**	**(77,678)**	**(119,620)**
Loss per share - basic and diluted		(0.00)	(0.01)
Weighted average number of shares outstanding (basic and diluted)		24,669,972	19,697,531

The notes form an integral part of these condensed consolidated interim financial statements

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statements of Changes in Equity
(unaudited - expressed in Canadian Dollars)

	Number of shares	Capital stock (note 9)	Contributed surplus	Accumulated deficit	Total equity
At July 31, 2010	**16,311,695**	**$ 27,798,018**	**$ 1,010,935**	**$ (27,155,435)**	**$ 1,653,518**
For the three months to October 31, 2010					
Net (loss) for the period				(119,620)	$ (119,620)
Share issuances					
Private placement	5,565,490	1,192,212			$ 1,192,212
Warrants exercised	767,358	230,357			$ 230,357
Agents' options exercised	165,262	67,497	(29,359)		$ 38,138
Share issuance costs		(226,166)	141,982		$ (84,184)
At October 31, 2010	**22,809,805**	**$ 29,061,918**	**$ 1,123,558**	**$ (27,275,055)**	**$ 2,910,421**
For the nine months to July 31, 2011					
Net (loss) for the period				(1,246,117)	$ (1,246,117)
Share issuances					
Private placement	1,666,667	282,196			$ 282,196
Share issuance costs		(24,714)	(28,233)		$ (52,947)
Agents' options exercised	43,500	6,525	(2,838)		$ 3,687
Shares issued for mineral property interests	150,000	22,500			$ 22,500
Share based payments			110,274		$ 110,274
Share based payments attributed to mineral property interests			34,814		$ 34,814
Income tax effect on flow through share renunciation				83,968	$ 83,968
At July 31, 2011	**24,669,972**	**$ 29,348,425**	**$ 1,237,575**	**$ (28,437,204)**	**$ 2,148,796**
For the three months to October 31, 2011					
Net (loss) for the period				(77,678)	$ (77,678)
At October 31, 2011	**24,669,972**	**$ 29,348,425**	**$ 1,237,575**	**$ (28,514,882)**	**$ 2,071,118**

The notes form an integral part of these condensed consolidated interim financial statements

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statements of Cash Flows

(unaudited - expressed in Canadian Dollars)

		Three months ended October 31	
		2011	**2010**
Operating activities			
Net loss for the period	$	(77,678)	(119,620)
Items not affecting cash			
Amortization		7,580	6,314
Write off of expenditure on exploration properties		-	4,097
Operating cash flows		(70,098)	(109,209)
Changes in non-cash working capital			
Receivables		16,729	(70,814)
Prepaid expenses		29,545	51,921
Accounts payable and accrued liabilities		(28,262)	(95,046)
		18,011	(113,939)
Cash from (used in) operating activities		**(52,087)**	**(223,148)**
Financing activities			
Cash proceeds (net) on issue of new shares		-	1,376,523
Cash provided by financing activities		**-**	**1,376,523**
Investing activities			
Cash expended on mineral properties		(178,073)	(476,046)
Acquisition of equipment		(3,836)	(6,295)
(Additional) / Recovery of reclamation deposits / bonds		(20)	(836)
Cash from (used in) investing activities		**(181,929)**	**(483,177)**
Inflow / (Outflow) of cash		**(234,016)**	**670,198**
Cash			
Beginning of period		263,179	573,353
End of period	**$**	**29,163**	**1,243,551**

Supplemental disclosure with respect to cash flows - note 11.

The notes form an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS

Solomon Resources Limited (the "Company") was incorporated on August 1, 1989 under the laws of British Columbia. The Company is in the process of exploring and developing its mineral property interests and has not determined whether the properties contain economically recoverable reserves of ore. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage. The Company's head office is at 2701B Highway 6, Box 938, Vernon, BC, Canada.

2. GOING CONCERN ASSUMPTION

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interests. The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition, exploration and development of mineral properties, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and continue to explore mineral property interests. There is no assurance that these plans will be successful.

The Company reported comprehensive losses of $77,678 and $119,620 for the three months ended October 31, 2011 and 2010, respectively, and has an accumulated deficit in the exploration stage of $28,514,882 as at October 31, 2011 (July 31, 2011 - $28,437,204, August 1, 2010 - $27,155,435). Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions.

3. CURRENCY, BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These condensed financial statements are stated in Canadian dollars, which is the Company's functional and reporting currency.

These condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34') using accounting policies consistent with International Financial Reporting Standards ("IFRS").

These are the Company's first condensed financial statements prepared in accordance with IAS 34 using policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on July 31, 2012, the Company's first annual IFRS reporting date.

The standards and interpretations within IFRS are subject to change and accordingly the accounting policies for the annual period that are relevant to these condensed consolidated financial statements will be finalized only when the first annual IFRS financial statements are prepared for the year ending July 31, 2012.

Previously the Company prepared its interim and annual consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP").

The adoption of IFRS resulted in changes to certain accounting policies as compared to the most recent annual financial statements prepared under CGAAP. The accounting policies set out below have been applied consistently to all periods presented, including the preparation of an opening IFRS statement of financial position as at August 1, 2010, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards.

The impact of the transition from CGAAP to IFRS is explained and illustrated in Note 18.

Comparative figures in the statements of financial position, and the notes thereto, are provided for August 1, 2010, being the date of transition to IFRS, and July 31, 2011, being the most recent year-end. Comparative figures in the income statements are provided for the three months ended October 31, 2010.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, SRM XXK (a Mongolian corporation), Avasca Inc. (a British Columbia company), Valhalla Minerals U.S. Incorporated (a Delaware corporation), Thor Gold Alaska Inc. (an Alaskan Corporation) and Solomon (Australia) Pty. Ltd. (an Australian corporation). Due to a change in circumstances in the Australian subsidiary in the year ended July 31, 2010, its operations were reclassified from self-sustaining to integrated and the translation method was changed prospectively. All significant intercompany balances and transactions have been eliminated.

4. SIGNIFICANT ACCOUNTING POLICIES

Following the first time adoption of IFRS, all significant accounting policies are recorded below. Future interim financial reports will include only those accounting policies that have changed since the date of the last annual report. Where appropriate the following notes detail accounting policies that have changed since the adoption of IFRS.

(a) Mineral property interests and deferred exploration costs

All costs related to the acquisition, exploration and development of mineral property interests are capitalized on a property-by-property basis once legal title to the property has been secured. If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written off to operations. If, after management review for impairment, conducted at least quarterly at cash generating unit level, it is determined that the carrying amount of a mineral property interest is impaired, that property is written down to its estimated fair value.

From time to time the Company may expend significant resources in the investigation of a property prior to securing legal title. All costs associated with such investigation are charged to property investigation when incurred.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is credited to income.

(b) Oil and gas properties

Substantially all oil and gas exploration and production activities are conducted through joint ventures and, accordingly, these consolidated financial statements reflect only the Company's proportionate share of assets, liabilities, revenues and expenses of the joint ventures.

(c) Equipment

Equipment is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years. If the carrying amount of equipment at cash generating unit level is considered to exceed the recoverable amount an impairment loss is recognised in profit and loss to the extent of the impairment. If there is a recovery in the recoverable amount the impairment loss may be reversed or partially reversed.

(d) Share capital

Share capital issued for non-monetary consideration is recorded at fair market value pursuant to the agreement to issue shares as determined by the board of directors of the Company based on the trading price of the shares on the TSX Venture Exchange (“TSX-V”) as of the date of issuance.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are issued, and any excess is allocated to warrants.

(e) Share based payments (formerly referred to as Stock-based compensation)

The Company grants share options to acquire common shares of the Company to directors, officers and employees. The fair value of the options to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes option pricing model. For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in contributed surplus. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

(f) Provisions for property restitution (formerly referred to as Asset retirement obligations)

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate. Over time the discounted liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred.

(g) Revenue recognition

Revenues are recognized on the following bases:

(i) Interest income is recorded on an accrual basis as earned at the effective interest rate over the term of the related instrument; and

(ii) Revenue from the sale of petroleum and natural gas is recorded when the petroleum is sold or the natural gas is delivered and collectability is reasonably assured.

(h) Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Amounts recorded in foreign currency are translated to Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;

(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and

(iii) Revenues and expenses, at the rate of exchange on the transaction date.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the year.

For purposes of consolidation, the assets and liabilities of foreign operations with functional currencies other than the Canadian dollar are translated to Canadian dollars using the rate of exchange in effect at the reporting date. Revenue and expenses of the foreign operations are translated to Canadian dollars at exchange rates at the date of the transactions with the average exchange rate for the period being used for practical purposes. Foreign currency differences resulting from translation of the accounts of foreign operations are recognized directly in other comprehensive income and are accumulated in the translation reserve as a separate component of shareholders' equity.

(i) Use of estimates

The preparation of financial statements in conformity with IFRS requires management 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. Areas requiring the use of estimates include rates of amortization of equipment, accrued liabilities, the carrying value of mineral property interests, provisions, the assumptions used in the calculation of the fair value of share based payments and agent options, and the determination of the valuation allowance for deferred income tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(j) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Company over the weighted average number of common shares outstanding during the year. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(k) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them, by agreement, for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. The Company treats the premium, if any, of the issue price over the fair value of the shares as income arising from the sale of the tax deductions. The fair value of the shares is determined as the closing market price of the shares on the date the financing is closed. On the date of the issue of the shares the fair value of the shares issued is credited to share capital and the premium, if any, is credited to liabilities. On the date the Company fulfills the flow-through share financing agreements and the renunciation of expenditures is filed with taxation authorities the premium is recognized as income. The tax impact to the Company of the renouncement is recorded through the recognition of a deferred tax liability; however, where available, a portion of the deferred income tax assets that were not previously recognized are recognized as a recovery of deferred income taxes in order to absorb the deferred income tax liability created by the renouncement.

This represents a change to the accounting policy previously applied. The effect of the change is detailed in Note 18.

(l) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years. Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(m) Financial instruments

Financial assets are classified into one of four categories:

- fair value through profit or loss (“FVTPL”);
- held-to-maturity (“HTM”);
- available-for-sale (“AFS”); and
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets classified as FVTPL are stated at fair value with any resultant change in fair value recognized in comprehensive loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

(ii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company does not have any assets classified as HTM investments.

(iii) AFS financial assets

Short-term investments and other assets not otherwise designated are classified as AFS and stated at fair value on the date of acquisition and each subsequent reporting date. Any change in fair value is recognized as other comprehensive income or loss and classified as a component of equity.

(iv) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

(v) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(vi) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance

5. TENEMENT BOND

The Company has a tenement bond in respect of previously disposed mineral property interests in Australia in the amount of $2,120 (July 31, 2011 - $2,100) (AU $2,000) The Company has requested a full refund of the tenement bond.

6. RECLAMATION DEPOSIT

The Company has a reclamation deposit in respect of a previously relinquished option to a mineral property interest in Canada in the amount of $10,000 (July 31, 2011 - $10,000). The site has been dismantled and it is the opinion of management that any environmental disturbance has been mitigated. The Company has requested a full refund of the reclamation deposit.

7. EQUIPMENT

		Cost	Accumulated depreciation	Net book value
At August 31, 2010	$	69,476	46,252	23,224
Additions		96,332		96,332
Depreciation for the period			37,096	(37,096)
At July 31, 2011		165,808	83,348	82,460
Additions		3,836		3,836
Depreciation for the period			12,843	(12,843)
At October 31, 2011	$	169,644	96,191	73,453

There were no disposals of equipment during the periods, nor any write downs due to impairment..

8. MINERAL PROPERTY INTERESTS

	Mongolia SRM	Ten Mile Creek	South West Yukon	Other Properties	Total
	Note 8 (a)	Note 8 (b)	Note 8 (c)	Note 8 (d)	
Balance, August 1, 2010	$ 1,000	$ 583,936	$ 5,001	$ 2	$ 1,176,543
Expenditures during the year					
Drilling	-	152,637	-	-	152,637
Personnel	-	313,613	74,174	-	390,659
Camp costs, travel and helicopter costs	-	265,160	63,249	-	328,409
Mapping	-	5,541	2,147	-	7,688
Sampling	-	77,213	14,027	-	91,240
Options payments/land renewal payments	-	172,500	-	-	172,500
Staking costs	-	-	147,760	-	147,760
Write-down of expenditures	-	-	(2,462)	-	(591,938)
Balance, July 31, 2011	$ 1,000	$ 1,570,600	$ 303,896	$ 2	$ 1,875,498
Expenditures during the quarter					
Personnel	-	28,335	26,711	-	55,045
Camp costs, travel and helicopter costs	-	33,932	23,328	-	57,260
Mapping	-	23,529	7,653	-	31,181
Sampling	-	38,688	743	-	39,432
Options payments/land renewal payments	-	419	-	-	419
Staking costs	-	-	-	-	-
Write-down of expenditures	-	-	-	-	-
Balance, October 31, 2011	$ 1,000	$ 1,695,502	$ 362,331	$ 2	$ 2,058,835

(a) Mongolia

The Company had acquired various licenses (some of which had been previously relinquished) to explore for minerals in Mongolia.

The Company does not plan any further investment in Mongolia and title to any remaining exploration licenses that were held by the Company at the time operations were suspended in the country has been clouded by the *de facto* expropriation of the remaining Solomon tenures by the Government of Mongolia. Despite obtaining a Supreme Court decision that the subject properties were improperly expropriated there remains no prospect of any of the Mongolian tenures being returned to the Company.

Considerable uncertainty exists with respect to the Company's ability to realize any value for the Mongolian projects and the investment has therefore been written down to $1,000. Expenditures on the maintenance of a corporate presence in Mongolia are charged to property maintenance as incurred.

(b) Ten Mile Creek, Yukon Territory

In September 2009, the Company entered into an agreement with Radius Gold Inc. ("Radius") of Vancouver, British Columbia, to acquire a 51% interest in the Ten Mile Creek property in the Dawson Mining District, Yukon Territory. Radius holds its interest in the property by way of an option to obtain a 100% interest from the owner of the claims. To earn its interest in the property, the Company must:

(i) Issue 1,000,000 shares as follows:

- 500,000 shares on signing (issued)
- 100,000 shares on or before May 21, 2010 (issued)
- 150,000 shares on or before May 21, 2011 (issued) and
- 250,000 shares on or before May 21, 2012.

(ii) Make cash payments of $500,000 as follows:

- $100,000 on or before May 21, 2010 (paid)
- $150,000 on or before May 21, 2011 (paid) and
- $250,000 on or before May 21, 2012.

(iii) Incur cumulative work expenditures of $2,500,000 as follows:

- $350,000 by December 31, 2010 (incurred)
- $1,000,000 by December 31, 2011 (incurred) and
- $2,500,000 by December 31, 2012.

The Company acquired a further 43 mineral claims adjacent to the property from Radius in October of 2010 which have been incorporated into the existing option agreement between Solomon and Radius. The Company spent and capitalized $124,902 on the property in the quarter.

(c) South West Yukon

In the year ended July 31, 2011 the Company began actively acquiring exploration targets in the relatively underexplored Kluane Front Ranges and Ruby Range of Southwest Yukon. To date the

Company has acquired by staking 100% ownership of the following mineral claims in the Southwest Yukon.

(i) The Pacer Claim Group comprises 236 mineral claims located approximately five kilometres west of the town of Haines Junction in the Front Ranges of the Kluane Mountains. The Company spent and capitalized $17,940 on the property in the quarter.

(ii) The Outpost Claim Group comprises 71 mineral claims located approximately fifty kilometres west of the town of Haines Junction. The Company spent and capitalized $19,148 on the property in the quarter.

(iii) The Rosie Claim Group comprises 217 mineral claims located approximately 58 kilometres north of Destruction Bay and 107 kilometres northwest of the village of Haines Junction. The Company spent and capitalized $19,598 on the property in the quarter.

(iv) The Jenn Claim Group comprises 64 mineral claims located approximately 60 kilometres northwest of Haines Junction and 35 kilometres north of Silver City. The Company spent and capitalized $350 on the property in the quarter.

(v) The Seamus Claim Group comprises 110 mineral claims located approximately 50 kilometres northwest of Haines Junction and 35 kilometres north of Silver City. The Company spent and capitalized $350 on the property in the quarter.

(vi) The Tyke Claim Group comprises 96 mineral claims located approximately 75 kilometres north of Haines Junction and 45 kilometres north of Silver City. The Company spent and capitalized $350 on the property in the quarter.

(vii) The Nis Claim Group comprises 66 mineral claims located 115 kilometres north of the town of Haines Junction and approximately 30 kilometres west and northwest of the Aishihik Road. The Company spent and capitalized $350 on the property in the quarter.

(viii) The Sek Claim Group comprises 84 mineral claims located 100 kilometres north of the town of Haines Junction and approximately 10 kilometres of the Aishihik Road in the headland formed by the junction of Aishihik Lake and Sekulman Lake. The Company spent and capitalized $350 on the property in the quarter.

(d) Other Properties

(i) Sleitat Mountain, Alaska

The Company owns a 20% interest in the Sleitat Mountain Tin-Tungsten-Silver deposit near Dillingham, southwest Alaska. An 80% interest in the property is held by Osisko Mining Corp. The Company is responsible for 20% of any exploration or development expenditures incurred. Should the Company not participate in the expenditures, its interest in the property will be diluted in accordance with industry practice. If the Company's interest is diluted to less than a 10% participating interest, it will retain only a 1% NSR on subsequent production of any metals from the property. The property is not being actively explored and expenditures on the maintenance of the Company's interest in the property are therefore charged to property maintenance as incurred.

(ii) COL-Magnet Copper-Gold Property, British Columbia

Between December 2006 and May 2007, the Company acquired by on-line staking the 32 Magnet mineral claims in the Omineca Mining Division in north-central British Columbia.

No exploration work is planned for the immediate future and these properties have been written down to a nominal value.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. As at October 31, 2011, the Company has no material AROs.

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued

	October 31, 2011	
	Number of shares	Capital stock
Common shares without par value	24,669,972	$ 29,348,425

	July 31, 2011	
	Number of shares	Capital stock
Common shares without par value	24,669,972	$ 29,348,425

	August 1, 2010	
	Number of shares	Capital stock
Common shares without par value	16,311,695	$ 27,798,018

During the three months ended October 31, 2011 no new shares were issued.

During the three months ended October 31, 2010 5,565,490 shares were issued as a consequence of a private placement for gross proceeds of $1,192,212, 767,358 share purchase warrants were exercised for proceeds of $230,357 and 165,262 agents' options were exercised for proceeds of $67,497. Share issuance costs of $226,166 were charged to share capital.

During the year ended July 31, 2011 7,232,157 shares were issued as a consequence of two private placements for gross proceeds of $1,474,408 and 43,500 agents' options were exercised for proceeds of $6,525. Share issuance costs of $250,880 were charged to share capital.

During the year ended July 31, 2011 150,000 shares were issued in fulfillment of the terms of an option agreement to acquire an interest in mineral properties. The fair value of the shares at the date of issue, being $22,500, was credited to share capital.

(c) Stock options

The Company has an incentive stock option plan (the “Plan”) that allows it to grant options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the TSX-V. The Plan allows for a maximum of 10% of outstanding shares to be issued.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or management company employee, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of 12 months after the date of death and the expiration of the option period.

Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

Stock option activity was as follows:

	Number of Options Outstanding	Exercise Price	Weighted Average Exercise Price
Balance, August 1, 2010	979,000	$ 0.265 to $ 3.60	$ 0.92
Granted	1,010,000	$ 0.165 to $ 0.17	$ 0.17
Expired	(65,000)	$ 3.60 to $ 4.00	$ 3.56
Balance, July 31, 2011	1,924,000	$ 0.165 to $ 3.60	$ 0.43
Granted	0		
Expired	0		
Balance, October 31, 2011	1,924,000	$ 0.165 to $ 3.60	$ 0.43

As at October 31, 2011, the following options were outstanding:

Expiry Date	Exercise Price	Number of shares
April 5, 2012	$ 3.600	42,000
January 8, 2013	$ 3.600	20,000
October 2, 2013	$ 2.500	82,000
December 1, 2014	$ 0.265	570,000
February 3, 2015	$ 0.350	100,000
February 3, 2015	$ 0.500	100,000
December 17, 2015	$ 0.165	810,000
July 1, 2016	$ 0.170	200,000
Total		**1,924,000**

(d) Share purchase warrants

Share purchase warrants activity was as follows:

	Number of Warrants Outstanding	Exercise Price	Weighted Average Exercise Price
Balance, August 1, 2010	9,466,318	$ 0.15 to $ 0.50	$ 0.30
Issued	6,879,390	$ 0.22 to $ 0.40	$ 0.30
Exercised	(767,858)	$ 0.15 to $ 0.30	$ 0.32
Expired	(618,000)	$ 0.30 to $ 0.50	$ 0.47
Balance, July 31, 2011	14,959,850	$ 0.30 to $ 0.40	$ 0.34
Issued	0		
Exercised	0		
Expired	(1,822,617)	$ 0.40	$ 0.40
Balance, October 31, 2011	13,137,233	$ 0.30	$ 0.30

As at October 31, the following warrants were outstanding. Under certain conditions the expiry date may be accelerated:

Expiry Date	Exercise Price	Number of Warrants
April 14, 2012	$ 0.30	496,200
April 23, 2012	$ 0.30	2,306,568
July 23, 2012	$ 0.30	9,415,732
June 08, 2013	$ 0.30	918,733
Total		**13,137,233**

(f) Agent options

Agent options are the right to purchase units, with each unit being comprised of one share and one share purchase warrant. Agent options outstanding and exercisable at October 31, 2011 are as follows:

Expiry Date	Exercise Price	Number
April 14, 2012	$ 0.30	17,200
April 23, 2012	$ 0.30	160,857
July 23, 2012	$ 0.30	156,464
July 23, 2012	$ 0.30	395,167
		729,688

10. INCOME TAXES

The Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Available to	Amount
2015	$ 293,000
2026	4,137,000
2027	378,000
2028	5,000
2029	835,000
2030	492,000
2031	641,000
Indefinitely	640,000
	$ 7,421,000

The tax losses above include approximately $3,576,000 that may be applied against future taxable income in the US expiring in 2026.

Tax losses of $640,000 consist of capital losses of $483,000, which may be applied against future taxable capital gains, and non-capital losses of $157,000 may be carried forward indefinitely to apply against future income for Australian tax purposes.

The Company's carry-forward losses for Canadian tax purposes at July 31, 2011 are $3,204,000 (2010 - $2,552,000), which may be carried forward to apply against future income for Canadian tax purposes.

The future benefit of these loss carry-forwards and the resource deductions have not been recorded in these consolidated financial statements as the Company estimates that the benefit of these losses will, more likely than not, not be realized.

In December 2010, the Company renounced $843,384 (December 2009 - $511,500) of exploration expenditures under its flow-through share program and the Company brought to account a premium representing the difference between the proceeds of the issues of the flow through shares and the fair value of the shares, being $83,968 for the year ended July 31, 2011 (2010 - $nil). A potential deferred income tax liability in each case was reduced to nil by the recognition of previously unrecognized deferred income tax assets.

There are no amounts of flow-through proceeds that remain to be expended as at October 31, 2011.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Three months ending October 31		**2011**		**2010**
Income tax paid	$	0	$	0
Interest paid	$	0	$	0
Amortization of equipment included in mineral property interests	$	5,263	$	3,079
Mineral property interest expenditures included in accounts payable	$	43,094	$	43,912
Recovery of expenditure on mineral property interests previously written off	$	27,868	$	0
Write-down of expenditures on mineral property interests	$	0	$	4,097

12. SEGMENTED INFORMATION

The Company's one reportable operating segment is the exploration of mineral properties. Geographical information is as follows:

		October 31, 2011		July 31, 2011		August 1, 2010
ASSETS						
Canada	$	2,219,308	$	2,325,291	$	1,912,760
Australia		4,164		4,120		14,210
Mongolia		1,000		1,000		1,000
	$	2,224,472	$	2,330,411	$	1,927,970

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, it does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of equity units. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company considers its capital under management to be all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will be successful in the future.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There have been no changes to the Company's approach to capital management during the period.

14. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Financial instruments are classified as follows:

Cash – fair value profit and loss
Tenement bond and Reclamation deposit – held-to-maturity
Receivables (excluding Harmonized Sales Tax/Goods and Services Tax due from the Government of Canada) – as loans and receivables
Accounts payable– as other financial liabilities

The fair values of the Company's cash, tenement bond, receivables, and accounts payable equate to their carrying values due to the short-term maturity of these financial instruments. The fair value of reclamation deposit (long-term) approximates its carrying value as the amount has been deposited with provincial government authorities. The deposit will be held until the authorities acknowledge that there is no environmental disturbance to the property and release the deposit.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk and market risk, which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided below.

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to financial assets including cash, receivables, a reclamation deposit and a tenement bond. The Company's total exposure to credit risk is $72,714 (July 31, 2011 - $322,938, August 1, 2010 - 2010 - $612,517). The Company limits exposure to credit risk on cash through maintaining it with high-credit quality Canadian and Australian financial institutions. Receivables are primarily made up of funds to be received from investment in joint ventures in oil and gas. Reclamation deposit consists of cash deposited with a provincial government agency in Canada. Tenement bond is deposited with a local government agency in Australia.

The Company's concentration of credit risk and maximum exposure thereto are as follows:

		October 31, 2011		July 31, 2011		August 1, 2010
Bank accounts – Canada	$	27,120	$	261,160	$	570,747
Bank accounts – Australia		2,043		2,019		2,606
Reclamation deposit		10,000		10,000		28,000
Tenement bond		2,121		2,101		11,164
Receivables		2,257		2,305		4,996
	$	43,541	$	277,585	$	617,513

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting the Company's cash flows required by operations and anticipated investing and financing activities and, where necessary, by withholding payments due to related parties. The Company has cash at October 31, 2011 in the amount of $29,163 (July 31, 2011 - $263,179, August 1, 2010 - $573,353). At October 31, 2011, the Company has current liabilities of $153,354 (July 31, 2011 - $181,615, August 1, 2010 - $190,484), and are made up of accounts payable and accrued liabilities which are due within 30 days of the year-end. The Company does not have any derivative financial liabilities.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The significant market risk exposures to which the Company is exposed are:

(i) Foreign currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily Australian dollars (AU)). The Company has net liabilities of $6,642 (July 31, 2011 - $7,041. August 1, 2010 – net assets of $5,065) denominated in AU. The Company's sensitivity analysis suggests that a material change in the absolute rate of exchange in AU will not have a material effect on the Company's business, financial condition and results of operations. The Company does not manage currency risk through hedging or other currency management tools.

(ii) Interest rate risk

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company had no exposure to other price risk at October 31, 2011, July 31, 2011 and August 1, 2010.

15. RELATED PARTY TRANSACTIONS AND BALANCES

During the period, the Company:

(a) Paid $47,072 in fees to directors and a relative of a director (first quarter 2010 - $63,385). $30,617 (2010 - $28,237) was charged to management fees and $16,455 (2010 - $35,148) was capitalized to mineral properties;

(b) Included in prepaid expenses $5,000 (2010 - $5,000) in advances to a director; and

(c) Included in accounts payable and accrued liabilities $106,328 (July 31, 2011 - $102,102, August 1, 2010 - $11,655) payable to directors and a relative of a director.

There are no terms of repayment or interest for amounts payable to an officer, a director and a relative of a director.

16. COMMITMENTS

The Company is committed to monthly lease payments of $3,000 for its premises. The rental payments schedule is as follows:

2012	$	36,000
2013		36,000
2014		36,000
2015		36,000
2016		21,000
	$	165,000

17. SUBSEQUENT EVENTS

Subsequent to October 31, 2011, the Company has raised an additional $155,000 in new share capital, of which $20,000 was through the issue of flow through shares, and paid $4,900 in cash based finders' fees.

18. THE EFFECT OF THE TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

These are the Company's first condensed financial statements prepared in accordance with IAS 34 using policies consistent with IFRS. Previously the Company prepared its interim and annual consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP").

In terms of the requirements of IFRS 1, First Time Adoption of IFRS, the effect of the changes arising from the adoption of IFRS has been applied retroactively to August 1, 2010. Certain optional exemptions to the retroactive application of the new standards are available to companies. The Company has elected to make use of an optional exemption in regard to the valuation of share based payments. However the Company has not made use of any other optional exemptions. As required by IFRS 1 estimates used in the retroactive application of the new policies are consistent with those used under CGAAP (note 4 (i))

Significant accounting policies are detailed in these notes. Attention is drawn to the change in accounting policy, as a consequence of the adoption of IFRS, in respect to accounting for flow through shares (note 4 (k)).

The standards and interpretations within IFRS are subject to change and accordingly the accounting policies for the annual period that are relevant to these condensed financial statements will be finalized only when the first annual IFRS financial statements are prepared for the year ending July 31, 2012.

All of the changes to the Company's financial position arise from the change in the accounting policy for the treatment of flow through shares issued and the tax effect thereof. The new policy under IFRS is detailed in note 4(k). The main differences between the treatment under IFRS and the treatment under CGAAP are:

a. At the time of the issue: under IFRS the fair value of the shares issued is credited to share capital and the premium (the excess, if any, of the proceeds of the issue over the fair value) is credited to liabilities. Under CGAAP the full proceeds of the issue were credited to share capital.
b. At the time the renunciation of the tax deductions to shareholders is filed: under IFRS the premium is removed from liabilities and recognised as income. Under CGAAP the tax impact to the Company of the renunciation was recorded through a decrease in share capital and the recognition of a deferred tax liability. Where available, a portion of the deferred income tax assets that were not previously recognized were recognized as

income in the statements of operations up to the amount of the deferred income tax liability or renouncement.

Under IFRS the accounting policy results in income earned when the Company sells the tax deductions. Under CGAAP the treatment focused on the tax effect of the renunciation of the expenditures to be incurred using the proceeds of the flow through share issued.

There are no changes to the cash flow statements in the corresponding periods.

The effects of the changes to the Company's financial position arising from the adoption of IFRS are demonstrated in the following pages, in chronological sequence, by way of statements prepared under CGAAP reconciled to those prepared under IFRS.

Restated statement of financial position at the transition date	**At August 1, 2010**		
	Canadian GAAP	**Effect of transition**	**IFRS**
Assets		notes 4(k), 18	
Cash	$ 573,353	-	573,353
Reclamation deposit	18,000	-	18,000
Tenement bond	11,164	-	11,164
Receivables	37,326	-	37,326
Prepaid expenses	78,360	-	78,360
Total current assets	718,203	-	718,203
Reclamation deposit	10,000	-	10,000
Equipment	23,224	-	23,224
Mineral Property interests	1,176,543	-	1,176,543
Total non-current assets	1,209,767	-	1,209,767
Total assets	**$ 1,927,970**	**-**	**1,927,970**
Liabilities			
Accounts payable and accrued liabilities	$ 190,484	83,968	274,452
Total liabilities	190,484	83,968	274,452
Equity			
Share Capital	27,754,111	43,907	27,798,018
Contributed Surplus	1,010,935	-	1,010,935
Accumulated Deficit	(27,027,560)	(127,875)	(27,155,435)
Total equity	1,737,486	(83,968)	1,653,518
Total equity and liabilities	**$ 1,927,970**	**-**	**1,927,970**

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2011 and October 31, 2010 (unaudited)

Canadian dollars

Restated statement of comprehensive income	**Three months ended October 31, 2010**		
	Canadian GAAP	**Effect of transition**	**IFRS**
General and Administrative Expenses			
Management fees	$ 48,687	-	48,687
Travel, promotion and shareholder costs	38,505	-	38,505
Professional fees	7,010	-	7,010
Office and miscellaneous	13,502	-	13,502
Rent	5,118	-	5,118
Transfer agent fees	2,920	-	2,920
Amortization	6,314	-	6,314
Total general and administrative expenses	122,056	-	122,056
Other items			
Oil and gas royalties	5,263	-	5,263
Interest received	917	-	917
Write off of expenditures on mineral properties	(4,097)	-	(4,097)
Gain / (loss) on exchange	353	-	353
Total other items	2,436	-	2,436
Loss before income taxes	(119,620)	-	(119,620)
Income tax recovery / (Expense)			
Current	-	-	-
Deferred	-	-	-
Comprehensive loss for the period	$ (119,620)	-	(119,620)

Restated statement of financial position	**At October 31, 2010**		
Assets	**Canadian GAAP**	**Effect of transition**	**IFRS**
		notes 4(k), 18	
Cash	$ 1,243,551	-	1,243,551
Reclamation deposit	18,000	-	18,000
Tenement bond	12,000	-	12,000
Receivables	108,140	-	108,140
Prepaid expenses	26,439	-	26,439
Total current assets	1,408,130	-	1,408,130
Reclamation deposit	10,000	-	10,000
Equipment	23,205	-	23,205
Mineral Property interests	1,648,492	-	1,648,492
Total non-current assets	1,681,697	-	1,681,697
Total assets	**$ 3,089,827**	**-**	**3,089,827**
Liabilities			
Accounts payable and accrued liabilities	$ 95,438	83,968	179,406
Total liabilities	95,438	83,968	179,406
Equity			
Share Capital	29,018,011	43,907	29,061,918
Contributed Surplus	1,123,558	-	1,123,558
Accumulated Deficit	(27,147,180)	(127,875)	(27,275,055)
Total equity	2,994,389	(83,968)	2,910,421
Total equity and liabilities	**$ 3,089,827**	**-**	**3,089,827**

Restated statement of comprehensive income	**Year ended July 31, 2011**		
	Canadian GAAP	**Effect of transition** notes 4(k), 18	**IFRS**
General and Administrative Expenses			
Management fees	$ 241,511	-	241,511
Share based payments	110,274	-	110,274
Travel, promotion and shareholder costs	105,332	-	105,332
Professional fees	89,019	-	89,019
Property investigation	81,960	-	81,960
Office and miscellaneous	71,223	-	71,223
Rent	27,054	-	27,054
Property maintenance	20,286	-	20,286
Transfer agent fees	11,199	-	11,199
Stock exchange fees	10,681	-	10,681
Flow-through share financing costs	211	-	211
Amortization	24,779	-	24,779
Total general and administrative expenses	793,529	-	793,529
Other items			
Oil and gas royalties	13,865	-	13,865
Interest received	5,865	-	5,865
Write off of expenditures on mineral properties	(591,938)	-	(591,938)
Total other items	(572,208)	-	(572,208)
Loss before income taxes	(1,365,737)	-	(1,365,737)
Income tax recovery / (Expense)			
Current	-	-	-
Deferred	210,846	(126,878)	83,968
Comprehensive loss for the period	$ (1,154,891)	(126,878)	(1,281,769)

Restated statement of financial position		**At July 31, 2011**	
Assets	**Canadian GAAP**	**Effect of transition**	**IFRS**
		notes 4(k), 18	
Cash	$ 263,179	-	263,179
Reclamation deposit	-	-	-
Tenement bond	2,101	-	2,101
Receivables	47,658	-	47,658
Prepaid expenses	49,515	-	49,515
Total current assets	362,453	-	362,453
Reclamation deposit	10,000	-	10,000
Equipment	82,460	-	82,460
Mineral Property interests	1,875,498	-	1,875,498
Total non-current assets	1,967,958	-	1,967,958
Total assets	**$ 2,330,411**	**-**	**2,330,411**
Liabilities			
Accounts payable and accrued liabilities	$ 181,615	-	181,615
Total liabilities	181,615	-	181,615
Equity			
Share Capital	29,093,672	254,753	29,348,425
Contributed Surplus	1,237,575	-	1,237,575
Accumulated Deficit	(28,182,451)	(254,753)	(28,437,204)
Total equity	2,148,796	-	2,148,796
Total equity and liabilities	**$ 2,330,411**	**-**	**2,330,411**