TRI-RIVER VENTURES INC.

（the “Company”）

Interim Consolidated Financial Statements

September 30, 2011

Expressed in Canadian Dollars

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 Company’s interim financial statements, they must be accompanied by a notice indicating that the interim 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 Company’s 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.

Tri-River Ventures Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Notes	September 30, 2011	December 31, 2010 (Note 11)
ASSETS			
Current assets			
Cash and cash equivalents	4	$ 1,603,232	$ 6,408,279
Prepaid expenses		10,195	-
Receivables		16,983	30,532
		1,630,410	6,438,811
Non-current assets			
Deposit on acquisition	6	4,443,260	-
Property, plant and equipment	5	16,278	21,543
Exploration and evaluation assets	6	4,573,493	4,569,918
		9,033,031	4,591,461
TOTAL ASSETS		**$ 10,663,441**	**$ 11,030,272**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities		2,522	54,703
Non-current liabilities			
Deferred tax liabilities		619,650	619,650
TOTAL LIABILIITES		**622,172**	**674,353**
SHAREHOLDERS' EQUITY			
Share capital	7	15,710,584	15,710,584
Reserves		164,339	164,339
Deficit		(5,833,654)	(5,519,004)
TOTAL EQUITY		**10,041,269**	**10,355,919**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 10,663,441**	**$ 11,030,272**

Tri-River Ventures Inc.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Notes	Three month periods ended September 30, 2011	Three month periods ended September 30, 2010	Nine month periods ended September 30, 2011	Nine month periods ended September 30, 2010
Expenses					
Amortization		$ 1,698	$ 2,867	$ 5,265	$ 8,463
Foreign exchange loss (gain)		(21,543)	5,347	(17,569)	(506)
Interest and bank charges		75	37	639	165
Management fees		30,000	30,000	90,000	90,000
Office and miscellaneous		50,056	21,521	80,792	92,230
Professional fees		15,193	2,800	81,882	13,680
Salaries and wages		10,709	10,024	40,999	30,621
Travel		16,498	14,969	65,871	46,371
		(102,686)	(87,565)	(347,879)	(281,024)
Other items					
Interest income		292	8,575	33,229	20,620
Net Loss and Comprehensive Loss		**$ (102,394)**	**$ (78,990)**	**$ (314,650)**	**$ (260,404)**
Loss per share – basic and diluted	7	**$ Nil**	**$ Nil**	**$ Nil**	**$ (0.01)**
Weighted average number of common shares outstanding		**32,685,431**	**23,195,431**	**32,685,431**	**23,195,431**

Tri-River Ventures Inc.
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Notes	Share capital				
		Number of shares	Amount	Stock option reserve	Deficit	Total
Restated balance at January 1, 2010		**20,695,431**	**$ 11,123,786**	**$ 79,885**	**$ (5,183,569)**	**$ 6,020,102**
Comprehensive income:						
Loss		-	-	-	(281,024)	-
Other comprehensive income (loss)		-	-	-	20,620	-
Total comprehensive loss		-	-	-	(260,404)	-
Transactions with owners, in their capacity as owners, and other transfers:						
Shares issued for cash – private placement		**2,500,000**	**1,000,000**	-	-	-
Restated balance at September 30, 2010		**23,195,431**	**$ 12,123,786**	**$ 79,885**	**$ (5,443,973)**	**$ 6,759,698**
Comprehensive income:						
Loss		-	-	-	(85,208)	-
Other comprehensive income (loss)		-	-	-	10,177	-
Total comprehensive loss		-	-	-	(75,031)	-
Transactions with owners, in their capacity as owners, and other transfers:						
Shares issued for cash – private placement		9,500,000	3,800,000	-	-	-
Share issue costs		-	(213,202)	-	-	-
Stock-based compensation		-	-	84,454	-	-
Restated balance at December 31, 2010		**32,695,431**	**$ 15,710,584**	**$ 164,339**	**$ (5,519,004)**	**$ 10,355,919**
Comprehensive income:						
Loss for the period		-	-	-	(347,879)	-
Other comprehensive income (loss)		-	-	-	33,229	-
Total comprehensive loss for the period		-	-	-	(314,650)	-
Balance at September 30, 2011		**32,695,431**	**$ 15,710,584**	**$ 164,339**	**$ (5,833,654)**	**$ 10,041,269**

See accompanying notes to the consolidated financial statements

Tri-River Ventures Inc.
Consolidated statements of cash flows
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Three month periods ended		Nine month periods ended	
	September 30, 2011	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
Operating activities				
Loss before income taxes	$ (102,394)	$ (78,990)	$ (314,650)	$ (260,404)
Income taxes paid	-	-	-	-
Adjustments for non-cash items:				
Amortization	1,698	2,867	5,265	8,463
Deduct interest income relating to investing activities	(292)	(8,575)	(33,229)	(20,620)
Changes in non-cash working capital items:				
Accounts receivable	(4,936)	(1,706)	13,799	(4,715)
Prepaid expenses	-	-	(10,446)	-
Trade payables and accrued liabilities	21,543	170	(34,611)	(29,254)
Net cash flows from (used in) operating activities	(84,381)	(86,234)	(373,874)	(306,530)
Investing activities				
Expenditures on exploration and evaluation assets	-	(13,368)	(3,575)	(32,217)
Interest income	292	8,575	33,229	20,620
Payment to acquisition	-	-	(4,443,260)	-
Net cash flows from (used in) investing activities	292	(4,793)	(4,413,606)	(11,597)
Financing activities				
Proceeds on issuance of common shares - net of share issue costs	-	-	-	1,000,000
Net cash flows from (used in) financing activities	-	-	-	1,000,000
Increase (decrease) in cash and cash equivalents	(84,089)	(91,027)	(4,787,478)	681,873
Effect of exchange rates on cash holdings in foreign currencies	(21,543)	(5,347)	(17,569)	6,060
Cash and cash equivalents, beginning	**1,708,864**	3,022,200	6,408,279	2,237,893
Cash and cash equivalents, ending	**$ 1,603,232**	**$ 2,925,826**	**$ 1,603,232**	**$ 2,925,826**

1. Nature and continuance of operations

Tri-River Ventures Inc. (the "Company") was incorporated on March 9, 1992, under the laws of the province of Alberta, Canada, was continued under the laws of British Columbia ("BC"), Canada on July 12, 2005, and its principal activity is the acquisition and exploration of mineral properties. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "TVR".

The head office and principal address of the Company are located at 2300-1066 West Hastings Street, Vancouver, British Columbia, Canada. The records office of the Company is located at 2110 28th Street, West Vancouver, BC. The Company's registered address is at 3993 Michener Court, North Vancouver, BC.

These unaudited interim consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries 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 September 30, 2011 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 from and/or raise equity capital or borrowings sufficient to meet current and future obligations.

2. Significant accounting policies and basis of preparation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 - Interim Financial Reporting and IFRS 1 – First-time Adoption of IFRS. The accounting policies followed in these interim financial statements are the same as those applied in the Company's interim consolidated financial statements for the period ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Company's reported equity as at September 30, 2010 and the Company's loss and comprehensive loss and cash flow for the three and nine months ended September 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The accounting policies applied in these interim consolidated financial statements are based on IFRS effective for the year ending December 31, 2011, as issued and outstanding as of November 29, 2011, the date the Board of Directors approved these financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including transition adjustments recognized on change-over to IFRS.

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 Company since the end of the last annual reporting period. The interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the year ended December 31, 2010, prepared in accordance with Canadian generally accepted accounting principles, and the Company's interim consolidated financial statements for the quarter ended March 31, 2011, prepared in accordance with IFRS.

(Expressed in Canadian dollars)

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.

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.

3. Accounting standards issued but not yet effective

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements', IFRS 12, 'Disclosure of Interests in Other Entities', IAS 27, 'Separate Financial Statements', IFRS 13, 'Fair Value Measurement' and amended IAS 28, 'Investments in Associates and Joint Ventures'. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	September 30, 2011	December 31, 2010
Cash in bank	$ 1,603,232	$ 369,296
Guaranteed investment certificates	-	1,739,934
	$ 1,603,232	$ 2,109,230

5. Property, plant and equipment

	Motor vehicles	Computer equipment	Drilling and exploration equipment	Office equipment and furniture	Total
Cost:					
At December 31, 2010	$ 16,447	$ 256	$ 3,119	$ 1,721	$ 21,543
At September 30, 2011	$ 16,447	$ 256	$ 3,119	$ 1,721	$ 21,543
Acc. Amortization:					
At December 31, 2010	-	-	-	-	-
Charge for the period	(4,262)	(256)	(461)	(287)	(5,265)
At September 30, 2011	(4,262)	(256)	(461)	(287)	(5,265)
Net book value:					
At December 31, 2010	16,447	256	3,119	1,721	21,543
At September 30, 2011	**$ 12,185**	**$ -**	**$ 2,659**	**$ 1,434**	**$ 16,278**

(Expressed in Canadian dollars)

6. Exploration and evaluation assets

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

	China Lianlong project	Total for nine month period ended September 30, 2011	Total for year ended December 31, 2010
Property acquisition costs			
Balance, beginning of period	$ 4,016,247	$ 4,016,247	$ 4,016,247
Balance, end of period	$ 4,016,247	$ 4,016,247	$ 4,016,247
Exploration and evaluation costs			
Balance, beginning of period	$ 553,671	$ 553,671	$ 483,129
Costs incurred during period:			
Field and camp costs	-	-	50,511
Geological consulting	3,575	3,575	20,031
	557,246	557,246	553,671
Balance, end of period	$ 4,573,493	$ 4,573,493	$ 4,569,918

The Lianlong Project is located on the eastern edge of the Tibetan Plateau in western Sichuan Province, China.

b) Pending acquisitions

On March 22, 2011, the Company entered into a Share Exchange Agreement ("Agreement") with Strong Rising International Limited ("Strong Rising") to acquire Strong Rising's wholly owned subsidiary, Taiji Resources Ltd. ("Taiji"), a private company incorporated in the province of Saskatchewan, Canada. Taiji owns potash properties in Saskatchewan. The Company has agreed to acquire all of the issued and outstanding shares of Taiji in exchange for 11,360,000 Company shares. The closing of the Agreement is subject to several conditions including obtaining the approvals from shareholders and the TSX-V, completion of a National Instrument 43-101 technical report on Taiji's potash properties, and completion of an audit of Taiji's financial statements for its most recent fiscal year.

On March 31, 2011, the Company entered into a Purchase and Sale Option Agreement ("Option Agreement") with Sino Spirit Capital Investment Holding Limited ("Sino Investment") to acquire Sino's 100% equity interest in Sino Spirit Group Limited ("Sino Group") which owns a 60% equity interest in Qinghai Lenghu Kunhu Potash Company Ltd. ("Lenghu Potash"). Lenghu Potash owns a mining permit in Qinghai Province of the People's Republic of China, covering a contiguous area of 23.8 km2 in the centre of the Kunteyi Salt Lake area, which has a total area of about 200 km2. Potash is currently produced from this property. Consideration consists of cash payments of $11,583,000 (RMB78,000,000) in three installments and share issuances having an aggregate value of up to $4,455,000 (RMB30 million). The first refundable installment of $4,443,260 (RMB30,000,000) was made on April 4, 2011. The second refundable installment is payable on October 4, 2011. The company is in default of the payment, and has been in negotiation with Sino Spirit for the amendment of the Option Agreement to resolve the issue. This transaction is subject to approvals from shareholders and the TSX-V, audited financial statements, a National Instrument 43-101 technical report on the key property, and a business plan.

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2011 there were 32,695,431 issued and fully paid common shares (December 31, 2010 – 32,695,431).

Private placements

On November 16, 2010, the Company completed a non-brokered private placement of 12,000,000 units at $0.40 per unit for gross proceeds of $4,800,000. Each unit consists of one common share of the Company and one-half of a share purchase warrant. For every warrant held, the holder is entitled to purchase one additional common share in the capital of the Company at $0.60 per share for a two-year period. Finders' fees of $213,202 were incurred in connection with this private placement.

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 10 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 vest over three years; 30% immediately on the date of grant typically vest immediately.;35% on the first anniversary of the date of grant and 35% on the second anniversary of the date of grant.

During the year ended December 31, 2010, the Company granted options to acquire up to 880,000 shares at $0.40 per share for a period of five years resulting in a stock-based compensation expense totalling $84,454. Compensation costs have been determined based on the fair value of the options at the grant date using the Black-Scholes option-pricing model. The following assumptions were used for the Black-Scholes valuation of these stock options granted during 2010: Expected dividend yield – 0; Expected stock price volatility – 100%; Risk-free interest rate – 2.37%; Expected life – 5 years.

The changes in options during the three month period ended September 30, 2011 and the year ended December 31, 2010 are as follows:

(Expressed in Canadian dollars)

	September 30, 2011		December 31, 2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	1,280,000	$ 0.340	400,000	$ 0.205
Options granted	-	-	880,000	0.40
Options expired	-	-	-	-
Options outstanding, end of period	1,280,000	$ 0.34	1,280,000	$ 0.340
Options exercisable, end of period	664,000	$ 0.283	1,280,000	$ 0.340

Details of options outstanding as at September 30, 2011 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
$0.40	4.45 years	880,000
$0.21	0.8 years	200,000
$0.20	0.05 years	200,000

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.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of subsidiaries of the Company that have a functional currency other than the Canadian dollar.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses.

8. Related party transactions

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

	Three month periods ended		Nine month periods ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Professional fees	$ 4,735	$ -	$ 18,760	$ -

Key management personnel compensation

	Three month periods ended		Three month periods ended	
	September 30, 2011	September 30, 2011	September 30, 2010	September 30, 2010
Short-term employee benefits – management fees	$ 30,000	$ 30,000	$ 90,000	$ 90,000

9. Financial risk management

The Company 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 Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and China. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions 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.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company 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 Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Chinese subsidiary is exposed to currency risk as it incurs expenditures that are denominated in Chinese Yuan. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Chinese Yuan:

	September 30, 2011	December 31, 2010
Cash and cash equivalents	$ 237,253	$ 285,933
Accounts receivable	-	-
Accounts payable	-	-
	$ 237,253	$ 285,933

Based on the above net exposures, as at September 30, 2011, a 10% change in the Chinese Yuan to Canadian dollar exchange rate would impact the Company's net loss by $23,725.

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 Company 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 Company's net loss of $16,032.

(Expressed in Canadian dollars)

Capital Management

The Company'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 Company consists of equity, comprising share capital, net of accumulated deficit.

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

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

Classification of financial instruments

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

	September 30, 2011	December 31, 2010
Cash and cash equivalents	$ 1,603,232	$ 6,408,279

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

	September 30, 2011	December 31, 2010
Trade payables and accrued liabilities	$ 2,522	$ 54,703

Fair value

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

10. Segmented information

Operating segments

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

Geographic segments

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

	As at September 30, 2011		
	Canada	China	Total
Property, plant and equipment	-	16,982	16,982
Exploration and evaluation assets	-	4,573,493	4,573,493
	$ -	$ 4,590,475	$ 4,590,475

	As at December 31, 2010		
	Canada	China	Total
Property, plant and equipment		21,543	21,543
Exploration and evaluation assets		4,569,918	4,569,918
		$ 4,591,461	$ 4,591,461

11. 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 Company has adopted IFRS in these financial statements, making them the first interim financial statements of the Company under IFRS. The Company 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", January 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company 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 Company 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.
- 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 Company 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 Company 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.
- The Company has applied the transitional provision in IFRIC 4 "Determining whether an Arrangement contains a Lease" and has assessed all arrangements as at January 1, 2010.

Notes to reconciliations

a) Share-based payments

The Company grants stock options that have a graded vesting schedule. Under Canadian GAAP, the Company 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 Company 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.

b) Interest income

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

(Expressed in Canadian dollars)

Balance Sheet reconciliation as at September 30, 2010

		As at September 30, 2010		
		Canadian GAAP	**Effect of Transition**	**IFRS**
ASSETS				
Cash and cash equivalents		$ 1,603,232		$ 1,603,232
Other receivables		27,177		27,177
Deposit on acquisition		4,443,260		4,443,260
Equipment		16,278		16,278
Mineral property		4,573,493		4,573,493
TOTAL ASSETS		**$ 10,663,441**	**$ -**	**$ 10,663,441**
LIABILITIES				
Accounts payable and accrued liabilities		$ 2,522		$ 2,522
Due to related parties		-		-
Future income tax liability		619,650		619,650
TOTAL LIABILITIES		**622,172**	**-**	**622,172**
SHAREHOLDERS' EQUITY				
Share capital		15,710,584	-	15,710,584
Contributed surplus	12 (a)	164,339	(164,339)	-
Reserves	12 (a)	-	164,339	164,339
Deficit		(5,833,654)	-	(5,833,654)
TOTAL EQUITY		**10,041,269**	**-**	**10,041,269**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 10,663,441**	**$ -**	**$10,663,441**

(Expressed in Canadian dollars)

Reconciliation of loss and comprehensive loss for the three month period ended September 30, 2010

	Canadian GAAP	Effect of Transition	IFRS
Expenses	(87,565)	-	(87,565)
Other items			
Interest income	8,575	-	8,575
Loss before income taxes	(78,990)	-	(78,990)
Income tax recovery	-	-	-
Net loss and comprehensive loss for the period	**$ (78,990)**	**$ -**	**$ (78,990)**
Loss per share – basic and diluted	**$ Nil**	**$ -**	**$ Nil**

Reconciliation of loss and comprehensive loss for the nine months ended September 30, 2010

	Notes	Canadian GAAP	Effect of Transition	IFRS
Expenses		(281,024)	-	(281,024)
Other items				
Interest income		20,620	-	20,620
Loss before income taxes		(260,404)	-	(260,404)
Income tax recovery		-	-	-
Net loss and comprehensive loss for the period		**$ (260,404)**	**$ -**	**$ (260,404)**
Loss per share – basic and diluted		**$ (0.01)**	**$ -**	**$ (0.01)**

(Expressed in Canadian dollars)

Reconciliation of cash flows for the three month period ended September 30, 2010

	Notes	Canadian GAAP	Effect of Transition	IFRS
Net cash flows from (used in) operating activities	12 (b)	(77,659)	(8,575)	(86,234)
Net cash flows from (used in) investing activities	12 (b)	（13,368）	8,575	（4,793）
Net cash flows from (used in) financing activities		-	-	-
Increase (decrease) in cash and cash equivalents		(91,027)	-	(91,027)
Effect of exchange rates on cash holdings in foreign currencies		(5,347)	-	(5,347)
Cash and cash equivalents, beginning		3,022,200	-	3,022,200
Cash and cash equivalents, ending		**$ 2,925,826**	**$ -**	**$ 2,925,826**

Reconciliation of cash flows for the Nine months ended September 30, 2010

	Notes	Canadian GAAP	Effect of Transition	IFRS
Net cash flows from (used in) operating activities	12 (b)	(285,910)	(20,620)	(306,530)
Net cash flows from (used in) investing activities	12 (b)	(32,217)	20,620	(11,597))
Net cash flows from (used in) financing activities		1,000,000	-	1,000,000
Increase (decrease) in cash and cash equivalents		681,873	-	681,873
Effect of exchange rates on cash holdings in foreign currencies		6,060	-	6,060
Cash and cash equivalents, beginning		2,237,893	-	2,237,893
Cash and cash equivalents, ending		**$ 2,925,826**	**$ -**	**$ 2,925,826**