TripleDragon Resources Inc.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

SEPTEMBER 30 AND MARCH 31, 2010

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

These financial statements have been prepared by management of Triple Dragon Resources Inc. 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.

Triple Dragon Resource Inc.'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.

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

BALANCE SHEETS

	September 30, 2010 (Unaudited)	March 31, 2010 (Audited)
ASSETS		
Current		
Cash and cash equivalents	**$ 3,996**	$ 20,026
GST receivable	**4,640**	14,938
Marketable Securities (Note 9)	**750,000**	-
	758,636	34,964
Mineral Properties and Deferred Exploration Expenditures (Note 3)	**393,315**	278,603
Mineral Property Held for Sale (Note 4)	**-**	130,571
	$ 1,151,951	$ 444,138
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 130,386**	$ 33,227
Due to a related party (Note 6)	**82,525**	26,250
	212,911	59,477
Shareholders' Equity		
Share capital	**2,658,250**	2,648,250
Contributed surplus	**751,465**	751,465
Deficit	**(2,470,675)**	(3,015,054)
	939,040	384,661
	$ 1,151,951	$ 444,138

Nature of Operations (Note 1)
Commitments (Note 8)
Subsequent Events (Note 10)

On behalf of the Board:

"David Hodge"	Director	*"Jenna Hardy"*	Director
David Hodge		Jenna Hardy	

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

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE SIX MONTHS ENDED SEPTEMBER 30
(Unaudited)

	For the three months ended September 30, 2010	For the three months ended September 30, 2009	**For the six months ended September 30, 2010**	For the six months ended September 30, 2009
Expenses				
Administration fees	**15,000**	37,500	**52,500**	75,000
Advertising and promotion	**435**	1,129	**615**	5,354
Consulting fees	**-**	-	**-**	156
Office and general	**61**	430	**156**	786
Professional fees	**3,718**	1,766	**4,359**	2,428
Transfer agent & regulatory authorities fees	**6,916**	7,303	**9,128**	10,042
Travel	**-**	7,834	**-**	13,078
	26,130	55,962	**66,758**	106,844
Other income (expenses)				
Interest income	**-**	-	**140**	-
Unrealized gain on marketable securities	**450,000**	-	**450,000**	-
Gain on sale of property	**160,997**	-	**160,997**	-
Net loss (gain) and comprehensive loss for the period	**(584,867)**	55,962	**(544,379)**	106,844
Deficit, beginning of period	**3,055,542**	2,571,980	**3,015,054**	2,521,098
Deficit, end of period	**$ 2,470,675**	$ 2,627,942	**$ 2,470,675**	$ 2,627,942
Basic and diluted gain per share	**$ 0.02**	$ 0.00	**$ 0.02**	$ 0.00
Weighted average number of common shares outstanding – basic and diluted	**24,458,115**	23,863,356	**24,458,115**	23,863,356

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

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30
(Unaudited)

	For the three months ended September 30, 2010	For the three months ended September 30, 2009	**For the three months ended September 30, 2010**	For the six months ended September 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss for the period	**584,867**	(55,962)	**544,379**	(106,844)
Adjustment for items not involving cash:				
Gain on sale of property	**(160,997)**	-	**(160,997)**	-
Unrealized gain/loss on investment	**(450,000)**	-	**(450,000)**	-
Changes in non-cash operating working capital:				
Receivables	**3,964**	(5,187)	**10,298**	(3,724)
Due from a related party	**16,800**	11,891	**56,275**	-
Prepaid expenses	**-**	6,552	**-**	-
Accounts payable and accrued liabilities	**28,053**	79,722	**97,159**	82,227
Net cash flows used in operating activities	**22,687**	42,782	**97,114**	(22,575)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Mineral properties for sale	**-**	-	**(8,432)**	-
Property costs	**(44,582)**	(122,982)	**(104,712)**	(147,427)
Net cash flows from investing activities	**(44,582)**	(122,982)	**(113,144)**	(147,427)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Shares issued for cash, net of issuance costs	**-**	-	**-**	-
Net cash flows from financing activities	**-**	-	**-**	-
INCREASE (DECREASE) IN CASH	**(21,895)**	(80,200)	**(16,030)**	(170,002)
Cash and cash equivalents, beginning of period	**25,891**	329,198	**20,026**	419,000
Cash and cash equivalents, end of period	**3,996**	248,998	**3,996**	248,998

Supplemental disclosure with respect to cash flows:

Interest paid in cash	**-**	**-**	**-**	-
Income tax paid in cash	**-**	**-**	**-**	-
Shares received for sale of property	**300,000**	**-**	**300,000**	-

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

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010 AND THE YEAR ENDED MARCH 31, 2010
(Unaudited)

	Share Capital		Contributed		
	Number	Amounts	Surplus	Deficit	Total
Balance, March 31, 2009	24,425,000	$ 2,691,000	$ 436,463	$ (2,521,098)	$ 606,365
Tax effect on flow-through renunciation	-	(42,750)	-	-	(42,750)
Share purchase warrant modification			315,002		315,002
Net loss for the year	-	-	-	(493,956)	(493,956)
Balance, March 31, 2010	24,425,000	$ 2,648,250	$ 751,465	$ (3,015,054)	$ 384,661
Shares issued for property	86,956	10,000	-	-	10,000
Net gain (loss) for the year	-	-	-	544,379	544,379
Balance, September 30, 2010	**24,511,956**	**$ 2,658,250**	**$ 751,465**	**$ (2,470,675)**	**$ 939,040**

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

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

SCHEDULE I SUMMARY OF DEFERRED COST ON MINERAL PROPERTIES

	Acquisition Cost					Deferred Exploration Cost					Total Acquisition and Deferred Exploration Costs	
	March 31, 2010			September 30, 2010		March 31, 2010			September 30, 2010			
	Beginning	Additions	Ending	Additions	Ending	Beginning	Additions	Ending	Additions	Ending	2011	2010
Murray	15,509	-	15,509	-	15,509	148,807	9,981	158,788	-	158,788	174,297	174,297
May	-	5,701	5,701	10,000	15,701	-	16,881	16,881	2,918	19,799	35,500	22,582
Burnt	-	10,000	10,000	10,000	20,000	-	26,197	26,197	3,772	29,969	49,969	36,197
Staircase	-	30,830	30,830	-	30,830	-	14,697	14,697	88,022	102,719	133,549	45,527
Total	15,509	46,531	62,040	20,000	82,040	148,807	67,756	216,563	94,712	311,275	393,315	278,603

SCHEDULE II EXPLORATION COSTS ON MINERAL PROPERTIES

	Six Months Ended September 30, 2010				
	Murray	May	Burnt Island	Staircase	Total
Geological expenses	-	2,791	3,640	38,036	44,467
Reports and mapping	-	-	-	19,626	19,626
Supplies and rentals	-	127	132	15,965	16,224
Travel and accommodation	-	-	-	14,395	14,395
Total	-	2,918	3,772	88,022	94,712

	Year Ended March 31, 2010				
	Murray	May	Burnt Island	Staircase	Total
Administrative expenses	-	-	-	-	-
Assays	762	980	3,594	337	5,673
Consulting	4,981	7,593	3,418	-	15,992
Geological expenses	4,032	50	10,542	7,804	22,428
Maps and reports	125	-	-	-	125
Supplies and rentals	81	241	40	4,540	4,902
Travel and accommodation	-	8,017	8,603	2,016	18,636
Total	9,981	16,881	26,197	14,697	67,756

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated on February 21, 2006, under the laws of British Columbia and on August 4, 2006, it continued out of British Columbia and into the British Virgin Islands. The Company's principal business activity was the exploration of mineral properties. On September 21, 2006, the Company changed its principal business activity and developed its business plan to enter the convention industry principally in Macau. On July 10, 2008, in connection with the change of control, the Company continued into British Columbia as a mineral exploration company in the exploration stage engaged in the acquisition, exploration and development of mineral properties.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses since inception and the Company has an accumulated deficit as at September 30, 2010, of $2,470,675 (2010 - $3,015,054) and a working capital of $545,725 (2010 – $24,513 deficiency). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing required to maintain its operations, and to ultimately attain future profitable operations. Management expects the Company to continue as a going concern and plans to meet any financing requirements through equity financing and seeking other business opportunities to expand the Company's operations. The outcome of these matters cannot be predicted at this time and there are no assurances that the Company will be successful in achieving its goals. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates, Assumptions and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian GAAP 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 period. Actual results could differ from those estimates. Areas requiring significant management estimates relate to the determination of impairment of mineral properties, expected tax rates for future income tax recoveries, fair value of stock-based payments and useful lives for amortization of long-lived assets. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in estimates in future periods could be significant.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. The cash equivalents were $nil as at September 30, 2010 (2010 - $nil).

Mineral Properties

The cost of mineral properties and related exploration and development costs are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized using the unit of production method of the properties following the commencement of commercial production or written off if the properties are sold, allowed to lapse, or abandoned. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties and related deferred exploration costs could be written off. Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected title defects.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company currently does not have any significant asset retirement obligations.

Impairment of Long-Lived Assets

The Company follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3063, "Impairment of Long-Lived Assets". Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as there were no dilutive securities as at Septebmer 30, 2010.

Corporate Transaction Costs

The Company adopted Emerging Issues Committee (EIC) 94, "Accounting for Corporate Transaction Costs" and recorded the costs incurred in connection with the proposed corporate transaction eligible for deferral as a non-current deferred charge.

Income Taxes

The Company accounts for income taxes using the asset and liability method, whereby future tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the carrying values of the asset and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income taxes and liabilities of a change in rates is included in operations in the period that includes the substantive enactment date. To the extent that the Company does not consider it more likely than not that a future income tax asset will be recovered, it provides a valuation allowance against the excess.

The Company recognizes into income a future income tax benefit on the renouncement of Canadian exploration expenditures to its flow-through share investors.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-Based Compensation

The Company accounts for stock options granted using CICA Section 3870,"Stock-Based Compensation and Other Stock-Based Payments". Under this Handbook section, the Company is required to expense, over the vesting period, the fair value of the options and awards granted. Accordingly, the fair value of the options at the date of grant is accrued and charged to operations, with a corresponding credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Flow-through Common Shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized thereby reducing share capital when the expenses are renounced.

If a company has sufficient unused tax losses and deductions to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses is recorded as income up to the amount of the future income tax liability previously recognized on the renounced expenditures.

Comprehensive Income

Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which generally accepted accounting principles requires to be recognized in a period, but excluded from net income for that period.

The Company has no items of other comprehensive income in any period presented. Therefore, net income as presented in the Company's statement of operations equals comprehensive income.

Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollar equivalents at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in the operations

Financial Instruments - Recognition and Measurement

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of the financial instruments depends on their initial classification.

The Company classifies its cash and cash equivalents as held-for-trading; GST receivable as loans and receivables, marketable securities as available for sale, accounts payable and accrued liabilities and due to a related party as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments - Recognition and Measurement (continued)

The fair value of cash and cash equivalents, marketable securities, accounts payable and accrued liabilities and due to a related party approximate their carrying values due to the short-term nature of these instruments.

Fair Value

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observability of the inputs used in the measurement. For the six months ended September 30, 2010 and the year ended March 31, 2010, the fair value of the financial instruments was measured using Level 1 inputs.

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial Risk Management
The Company's activities expose it to a variety of financial risks including credit risk, foreign exchange risk, interest rate risk and liquidity risk.

Credit Risk
Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to receivables is remote.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. As at September 30, 2010, the Company had a cash balance of $3,996 (2010 - $20,026) and current liabilities of $212,911 (2010 - $59,477). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company believes that these sources will be sufficient to cover the expected short and long term cash requirements.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) 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. With respect to financial assets, the Company's practice is to invest cash in cash equivalents in order to maintain liquidity. Fluctuations in interest rates affect the fair value of cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments – Disclosures and Presentation (continued)

b) Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.

Capital Disclosures

It is required to disclose of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance.

The Company manages its common shares, stock options and warrants as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its project for the benefit of its stakeholders. The Company is not subject to any externally imposed capital requirement.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of its mineral properties. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The properties in which the Company currently has interest are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and maintenance and development of future mining sites, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

Changes in Accounting Policies

Effective April 1, 2009, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

In January 2009, the CICA issued EIC Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The abstract applies to interim and annual consolidated financial statements relating to fiscal years ending after January 2009. There was no material impact on adoption of this standard.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In March 2009, the CICA issued EIC Abstract 174, "Mining Exploration Costs". The EIC provides additional guidance to the Company on when an impairment test is required. The abstract applies to financial statements issued after March 27, 2009. There was no material impact on adoption of this standard.

In June 2009, the CICA issued amendments to Handbook Section 3862, "Financial Instruments – Disclosures", which requires enhanced disclosures on liquidity risk of financial instruments and new disclosures on fair value measurements of financial instruments. These amendments apply for annual financial statements relating to fiscal years ending after September 30, 2009. There was no impact on the adoption of this standard.

On April 1, 2009, the Company adopted CICA Section 3064, Goodwill and Intangible Assets. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and other intangible assets. There was no material impact on the adoption of this standard.

New Accounting Pronouncements

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements. Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations".

In June 2009, the CICA issued amendments to Handbook Section 3855, "Financial Instruments" to add guidance concerning the assessment of embedded derivative upon reclassification of a financial asset out of the held-for-trading category and to clarify the application of the effective interest method after a debt instrument has been impaired. These amendments apply to interim and annual financial statements relating to years beginning on/after January 1, 2011.

On February 13, 2008, Canada's Accounting Standard Board confirmed January 1, 2011, as the effective date for complete convergence of Canadian GAAP to International Financial Reporting Standards ("IFRS"). The official changeover date will apply for interim and financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has determined that the key elements of this IFRS changeover on the Company will be in the areas of accounting for resource properties' acquisition and exploration costs, impairment of long-lived assets, accounting for share capital including stock options and warrant valuations and general IFRS disclosure requirements. The Company is currently assessing the specific impact on the Company's financial reporting and developing an implementation timetable.

In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) require, in situations where a vendor does not have vendor specific objective evidence ("VSOE") or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption.

The Company is currently assessing the future impact of these amendments on its financial statements and has not yet determined the timing and method of its adoption.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Murray Property

The Company acquired a 100% interest in one mineral claim northeast of Yellowknife, Northwest Territories, known as the Murray Property pursuant to a Mineral Property Acquisition Agreement dated April 17, 2008, between the Company and Zimtu Capital Corp. ("Zimtu"). The Company acquired the Property for $15,509 cash. There was a 1% net smelter return royalty and a 1% gross overriding royalty on the Property, in favour of the original vendor of the property, which was relinquished on May 7, 2009. Zimtu is a related party to the Company by virtue of its controlling share position in the Company.

May Property

On May 14, 2009, the Company acquired a 100% interest in a mineral lease comprising approximately 100.5 acres in the Northwest Territories known as the May Property from a third party. The May Property was acquired for total consideration of $5,500 cash (paid) and the issuance of $10,000 of common shares (issued) of the Company on May 14, 2010, and a further $15,000 of common shares of the Company to be issued by May 14, 2011. There is a 2% net smelter return royalty on the Property payable to the Vendor upon the commencement of commercial production.

Burnt Island Property

On August 11, 2009, the Company entered into a Mineral Property Option Agreement ("Agreement") to purchase a 100% interest in two mineral claims in the Gordon Lake area of the Northwest Territories, known as the Burnt Island Property. Per the Agreement, the Company shall pay to the Vendor the following:

- $10,000 cash within 5 days of signing the agreement (paid)
- $10,000, in either cash or shares, for every year that the Company holds the option ($10,000 paid).

There is a 3% net smelter return royalty on the Property payable to the Optionor upon the commencement of commercial production.

Staircase Claims

On November 9, 2009, the Company acquired a 100% interest in 83 mineral claims located north of Prince George, B.C. comprising approximately 36,600 hectares. The Company purchased the claims from Radius Gold Inc. for $30,000 (paid) and paid $830 to have the claims transferred to their name. During the six months ended September 30, 2010, the Company renewed 31 of the 83 Staircase mineral claims. The Company allowed 52 mineral claims to lapse.

4. MINERAL PROPERTY HELD FOR SALE

Mineral property held for sale refers to the Camlaren Property ("CAM Property") that the Company sold during the quarter ending September 30, 2010::

	September 30, 2010	March 31, 2010
Balance, beginning of year	130,571	27,336
Expenditures incurred prior to sale	8,432	103,235
Sale of property	(139,003)	-
Balance, end of period	-	130,571

The CAM Property, consisting of two mineral claims northeast of Yellowknife, Northwest Territory and covering approximately 2,425 acres (981 hectares), is located 80 km northeast of Yellowknife and 6 km east-southeast of the Murray Property. It was originally acquired by staking. Pursuant to a Purchase and Sale Agreement dated April 27, 2010, the Company sold the CAM Property to Cats Eye Capital Corp., now known as Lakeland Resources Inc. ("Lakeland") in consideration for 3,000,000 Lakeland common shares issued at a deemed price of $0.10 per share. Lakeland is a junior mineral exploration company listed on the TSX Venture Exchange ("TSX-V"). The 3,000,000 common shares were issued on August 19, 2010, and are subject to an escrow agreement. 10% of the shares were released from escrow on August 19, 2010, and tranches of 15% are to be released every six months thereafter (February 19/August 19). There are currently 2,700,000 shares remaining in escrow.

5. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value

b) Issued and Outstanding

During the six months ended September 30, 2010

On May 14, 2010, the Company issued 86,956 common shares, valued at $10,000, in accordance with the May Property agreement.

During the year ended March 31, 2010

During the year ended March 31, 2010, the Company renounced all of its flow-through shares issued in 2009. As result, the Company recognized $42,750 as the tax effect on the renunciation.

c) Escrow Shares

There are no common shares of the Company in escrow.

5. SHARE CAPITAL (continued)

d) Stock Options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	September 30, 2010		**March 31, 2010**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	2,442,500	$ 0.21	2,442,500	$ 0.21
Granted	-	-	-	-
Cancelled	-	-	-	-
Balance, end of period	2,442,500	$ 0.21	2,442,500	$ 0.21

The following stock options were outstanding and exercisable as at September 30, 2010:

Expiry Date	Weighted Average Exercise Price	Weighted Average Number of Shares	Weighted Average Remaining Contractual Life (Years)
June 11, 2013	$ 0.20	2,192,500	2.95
February 3, 2014	$ 0.25	250,000	3.60
	$ 0.21	2,442,500	2.77

The Company applies the fair value method in accounting for its stock options. During the six months ended September 30, 2010, the Company issued a total of nil (2010 - nil) incentive stock options to directors of the Company resulting in stock-based compensation of $nil (2010 - $nil). There were no options exercised or expired during the six months ending September 30, 2010 or the year ended March 31, 2010.

5. SHARE CAPITAL (continued)

d) Stock Options (continued)

The weighted average fair value of stock options granted during the year ended March 31, 2009 is $0.17, where the exercise price is above the market price at the date of grant and the fair value of each option granted is calculated using the Black Scholes option pricing model using the following weighted average assumptions:

	September 30, 2010	March 31, 2009
Risk-free interest rate	N/A	2.08% - 3.35%
Expected life of options	N/A	5 years
Annualized volatility	N/A	137% - 164%
Dividends	N/A	0.00%

All options granted by the Company vest on the grant date and bear a four month hold period. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

e) Warrants

	September 30, 2010		March 31, 2010	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	2,000,000	$ 0.25	2,000,000	$ 0.25
Granted	-	-	-	-
Balance, end of period	2,000,000	$ 0.25	2,000,000	$ 0.25

The following warrants were outstanding and exercisable as at September 30, 2010:

Expiry Date	Weighted Average Exercise Price	Weighted Average Number of Shares	Weighted Average Remaining Contractual Life (Years)
December 31, 2011	$0.25	1,000,000	1.50
January 21, 2012	$0.25	1,000,000	1.56
	$0.25	2,000,000	1.28

5. SHARE CAPITAL (continued)

e) Warrants (continued)

During the year ended March 31, 2010, the Company extended the terms of the 2,000,000 share purchase warrants for an additional 2 years. The Company applies the fair value method to account for the modification of the warrants.

The fair value of warrant is calculated using the Black Scholes option pricing model using the following weighted average assumptions:

	March 31, 2010
Risk-free interest rate	1.20% to 1.45%
Expected life of warrants	2 years
Annualized volatility	149% - 150%
Dividends	0.00%

6. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2010, the Company paid a related company, Zimtu Capital Corp. (“Zimtu”), $52,500 in administrative fees (2010 - $150,000). At September 30, 2010, the Company has a payable owing to Zimtu of $82,525 (2010 - $26,250).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

See also Note 3 and 8.

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		September 30, 2010		March 31, 2010
Gain (Loss) before income taxes	$	**544,379**	$	(536,706)
Income tax at statutory rates of 30% (31.5%-2009)		**163,314**		(161,012)
Temporary difference		**(5,490)**		(5,490)
Permanent difference		**-**		372
Unrecognized item for tax purposes		**(135,000)**		94,501
Change in valuation allowance		**(22,824)**		28,879
Total income tax recovery	$	**-**	$	(42,750)

Details of future income tax assets are as follows:

		September 30, 2010		March 31, 2010
Future income tax assets:				
Non-capital losses available for future periods	$	**113,886**	$	269,048
Benefit of share issuance costs		**10,517**		10,517
Mineral Properties		**-**		(42,750)
Valuation allowance		**(124,403)**		(236,815)
Net future income tax assets (liability)	$	**-**	$	-

The Company has non-capital losses of approximately $850,000 (2010 - $944,000), which may be carried forward and applied against taxable income in future years. If not utilized, the non-capital losses would expire in 2027 to 2031. The benefits of these losses have not been reflected in these financial statements and have been offset by a valuation allowance since the Company cannot be assured that it is more likely than not that such benefit will be utilized in future year.

The losses expire as follows:

2027	$	103,000
2028		132,000
2029		376,000
2030		239,000
	$	850,000

8. COMMITMENTS

On May 15, 2008, the Company signed a management services agreement with Zimtu Capital Corp. ("Zimtu") for the provision of administrative and managerial services to the Company for a period of 12 months. On November 30, 2008, the Company revised the agreement to reduce the fee from $25,000 per month to $12,500 per month commencing December 1, 2008, for the duration of the agreement. During the six months ended September 30, 2010, the agreement was extended for a further 12 month term, until May 15, 2011. The monthly remuneration to be paid to Zimtu for these services will be at the rate of $5,000 per month.

Pursuant to the acquisition of the May Property, the Company is obligated to issue $15,000 of common shares of the Company on May 14, 2011. There is a 2% net smelter return royalty on the Property payable to the Vendor upon the commencement of commercial production.

Pursuant to the Mineral Property Option Agreement of the Burnt Island Property, the Company is obligated to pay the Vendor $10,000, in either cash or shares, for every year that the Company holds the option. In addition, there is a 3% net smelter return royalty on the Property payable to the Optionor upon the commencement of commercial production.

9. MARKETABLE SECURITIES

	Cost	Unrealized Gain	Fair Value September 30, 2010
Available-for-sale	$ 300,000	$ 450,000	$ 750,000

10. SUBSEQUENT EVENTS

None