

WESCAN GOLDFIELDS INC.



**Unaudited Condensed Interim
Consolidated Financial Statements
March 31, 2011**

WESCAN GOLDFIELDS INC.
Unaudited Condensed Interim Consolidated Financial Statements

For the Three-Month Period Ended
March 31, 2011

Notice to Reader

Management has compiled the unaudited condensed interim consolidated financial statements of Wescan Goldfields Inc. for the three-month period ended March 31, 2011 (along with the comparative interim period in 2011). The Corporation's external auditors have not reviewed these statements.

Wescan Goldfields Inc.
Condensed Consolidated Statements of Financial Position

(In Canadian dollars)

	March 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,750,602	\$ 499,115	\$ 289,605
Receivables	8,792	4,173	92,948
Prepays and deposits	45,364	14,311	34,246
	<u>1,804,758</u>	<u>517,599</u>	<u>416,799</u>
Property and equipment	171,878	188,813	270,371
Exploration and evaluation assets (note 5)	6,924,068	6,889,084	6,824,985
	<u>\$ 8,900,704</u>	<u>\$ 7,595,496</u>	<u>\$ 7,512,155</u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Payables and accrued liabilities	\$ 136,258	\$ 145,786	\$ 738,725
Premium on flow-through shares (note 6)	101,250	-	-
Environmental rehabilitation provision	75,520	75,520	75,520
Future income tax liability	163,336	163,336	163,336
Shareholders' equity:			
Share capital	18,488,325	17,202,856	15,885,720
Warrants and Broker Warrants	148,862	119,288	71,386
Contributed surplus	1,896,158	1,895,195	1,665,334
Deficit	(12,109,005)	(12,006,485)	(11,087,866)
	<u>8,424,340</u>	<u>7,210,854</u>	<u>6,534,574</u>
	<u>\$ 8,900,704</u>	<u>\$ 7,595,496</u>	<u>\$ 7,512,155</u>

Going concern assumption (note 2)

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Condensed Consolidated Statements of Loss and Comprehensive Loss

	(In Canadian dollars)	
	Three Months Ended	
	March 31,	
	2011	2010
Income		
Interest and other	\$ 10,534	\$ 9,887
Expenses		
Administration	106,231	171,682
Corporate development	6,823	11,709
	113,054	183,391
Loss before income taxes	(102,520)	(173,504)
Future income taxes	-	-
Net and comprehensive loss	\$ (102,520)	\$ (173,504)
Net and comprehensive loss per share		
Basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	105,881,224	80,115,483

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Condensed Consolidated Statements of Cash Flows

	(In Canadian dollars)	
	Three Months	
	March 31,	
	2011	2010
Cash provided by (used in):		
Operations:		
Net and comprehensive loss	\$ (102,520)	\$ (173,504)
Non-cash items:		
Amortization	18,358	20,618
Fair value of stock options vested	963	(5,525)
Net change in non-cash operating working capital items:		
Receivables	(4,619)	65,346
Prepays and deposits	(31,053)	(3,166)
Payables and accrued liabilities	(9,528)	4,301
	<u>(128,399)</u>	<u>(91,930)</u>
Investing:		
Additions to exploration and evaluation assets	(34,984)	(47,220)
Property and equipment	(1,423)	(266)
	<u>(36,407)</u>	<u>(47,486)</u>
Financing:		
Issue of share capital (net of issue costs)	1,416,293	-
	<u>1,416,293</u>	<u>-</u>
Increase (decrease) in cash position	1,251,487	(139,416)
Cash and cash equivalents, beginning of period	499,115	289,605
Cash and cash equivalents, end of period	<u>\$ 1,750,602</u>	<u>\$ 150,189</u>
Cash and cash equivalents consists of:		
Cash	\$ 350,134	\$ 150,189
Guaranteed investment certificates and treasury bills	1,400,468	-
	<u>\$ 1,750,602</u>	<u>\$ 150,189</u>

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Condensed Consolidated Statements of Shareholders' Equity

(In Canadian dollars)

	Three Months Ended		Year Ended
	March 31,		December 31,
	2011	2010	2010
Share Capital			
Balance, beginning of period	\$ 17,202,856	\$ 15,885,720	\$ 15,885,720
Private placements	1,448,000	-	1,203,427
Shares issued for settlement with Alto Ventures Ltd.	-	-	150,000
Share issue costs	(162,531)	-	(36,291)
Balance, end of period	<u>\$ 18,488,325</u>	<u>\$ 15,885,720</u>	<u>\$ 17,202,856</u>
Warrants			
Balance, beginning of period	\$ 116,573	\$ 61,649	\$ 61,649
Issued	4,514	-	116,573
Expired	-	-	(61,649)
Balance, end of period	<u>\$ 121,087</u>	<u>\$ 61,649</u>	<u>\$ 116,573</u>
Broker Warrants			
Balance, beginning of period	2,715	9,737	9,737
Issued	25,060	-	2,715
Expired	-	-	(9,737)
Balance, end of period	<u>\$ 27,775</u>	<u>\$ 9,737</u>	<u>\$ 2,715</u>
Contributed Surplus			
Balance, beginning of period	\$ 1,895,195	\$ 1,665,334	\$ 1,665,334
Stock based compensation	963	(5,525)	158,475
Warrants expired	-	-	61,649
Broker warrants expired	-	-	9,737
Balance, end of period	<u>\$ 1,896,158</u>	<u>\$ 1,659,809</u>	<u>\$ 1,895,195</u>
Deficit			
Balance, beginning of period	\$ (12,006,485)	\$ (11,087,866)	\$ (11,087,866)
Net and comprehensive loss	(102,520)	(173,504)	(918,619)
Balance, end of period	<u>\$ (12,109,005)</u>	<u>\$ (11,261,370)</u>	<u>\$ (12,006,485)</u>
Total Shareholders' Equity	<u>\$ 8,424,340</u>	<u>\$ 6,355,545</u>	<u>\$ 7,210,854</u>

See accompanying notes to consolidated financial statements

WESCAN GOLDFIELDS INC.

Notes to the Condensed Interim Consolidated Financial Statements (for the three-month period ended March 31, 2011)
(In Canadian dollars)

1. Corporate Information

Wescan Goldfields Inc. was originally incorporated as Shore Resources Inc. under the Business Corporations Act of Alberta on January 17, 2003 and by amended articles dated April 2, 2004 changed its name to Wescan Goldfields Inc. (“Wescan” or the “Company”). Substantially all of the Company’s efforts are directed to the exploration and future development of its current exploration permits.

2. Basis of preparation and going concern assumption

The condensed interim consolidated financial statements of Wescan for the period ended March 31, 2011 were authorized for issue by the Company’s Audit Committee on June 21, 2011. The condensed interim consolidated financial statements of Wescan and its subsidiary have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These are the Company’s first IFRS condensed interim consolidated financial statements. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”). In these financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS. The condensed interim consolidated financial statements should be read in conjunction with the Company’s Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010. The disclosures concerning the transition from Canadian GAAP to IFRS are included in Note 10. The accounting policies set out below have been applied consistently to all periods presented as if these policies had always been in effect; except for first-time exemptions applied which are described in Note 10. The consolidated financial statements for the year ending December 31, 2011 must be prepared using IFRS standards that are in effect on December 31, 2011, and therefore the Company has prepared the financial statements for the period ended March 31, 2011 using the standards that are expected to be effective at the end of 2011. Any subsequent changes to IFRS that are given effect in the annual consolidated financial statements ending December 31, 2011 could result in restatement of these condensed interim consolidated financial statements.

These financial statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. At March 31, 2011, the Company had working capital of \$1,668,500 and did not have sufficient resources to finance operation and exploration activities through its 2011 fiscal year, conditions which raise substantial doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern and fund exploration expenditures in an orderly manner will require further equity issues in 2011.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and liabilities that might be necessary should the Company be unable to continue as a going concern.

3. Summary of significant accounting policies

The Company’s principal accounting policies are outlined below:

Basis of consolidation

i. Subsidiaries

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary. All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

ii. Interests in jointly controlled assets

A jointly controlled asset involves joint control and offers joint ownership by Wescan and other venturers of assets contributed to or acquired for the purpose of a joint venture, without the formation of a corporation, partnership or other entity.

Where Wescan's activities are conducted through jointly controlled assets those operations are accounted for using the proportionate consolidation method, Wescan recognizes its share of the jointly controlled assets, and liabilities it has incurred, related revenue and operating costs in the financial statements and a share of their production, if any.

When Wescan, acting as an operator, receives reimbursement of direct and indirect costs recharged to the joint venturers such recharges represent reimbursement of costs that the operator incurred as an agent for the joint venturers and therefore have no effect on the statement of loss and comprehensive loss.

Financial instruments

i. Non-derivative financial assets

The Company classifies non-derivative financial assets into either held-to-maturity financial assets or loans and receivables.

Held-to-maturity financial assets

If the Company has the intent and ability to hold securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets are comprised of the Company's cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment losses.

Loans and receivables are comprised of the Company's accounts receivable.

ii. Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized costs using the effective interest method.

Other financial liabilities are comprised of the Company's accounts payable.

iii. Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it has been impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognized. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of loss and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments that, upon acquisition, have a term to maturity of three months or less.

Property, plant and equipment

i. *Pre-permit costs*

Pre-permit costs are expensed in the period in which they are incurred.

ii. *Exploration and evaluation assets and expenses*

Subject to compliance with provincial mineral regulations, the Company holds the right to explore for and develop mineral resources on various Crown property dispositions within the Province of Saskatchewan. These rights are classified as exploration and evaluation assets for financial statement purposes.

All costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized. Once a National Instrument 43-101 compliant reserve is established on a property and development is approved by the Company, exploration and evaluation assets are transferred to “mine development costs” and tested for impairment on a cash generating unit basis (“CGU”). If facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the capitalized expenditure which is not expected to be recovered is charged to the statement of loss and comprehensive loss. No amortization is charged during the exploration and evaluation phase nor while it is under construction.

When options to acquire exploration and evaluation assets are granted or exploration and evaluation assets are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

iii. *Property and equipment*

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Such cost includes cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement only if it is eligible for capitalization. All other repairs and maintenance are recognized in the statement of loss and comprehensive loss as incurred.

Depreciation is calculated using the declining balance method except for leasehold improvements, which are amortized on a straight-line basis over a term equal to the remaining life of the current lease agreement. Annual amortization rates are as follows:

Computer equipment	30%
Computer software	100%
Furniture and equipment	20%

The carrying value of items of property and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values of an asset exceed its estimated recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the statement of loss and comprehensive loss in the year the item is derecognized.

Employee Benefits

i. Wages and salaries, and annual leave

The liability for employee entitlements to wages and salaries represents the amount which the Company has a present obligation to pay resulting from services provided up to the reporting date. A provision exists for annual leave as it is earned and is measured at the amount expected to be paid when it is settled and includes all related costs.

ii. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

iii. Termination benefits

Termination benefits are recognized as an expense when the Company is committed to provide termination benefits in accordance with certain contracts provided to officers of the Company. If benefits are payable for more than 12 months after the reporting date, then those benefits are discounted to their present value.

iv. Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees, officers or directors is recognized as an expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

i. Environmental rehabilitation

The Company may be required to decommission and rehabilitate exploration sites to a condition acceptable to the relevant authorities.

The expected cost of any decommissioning or rehabilitation program is provided for when the related environmental disturbance occurs. The cost is treated as an "exploration and evaluation asset". Where there is a change in the expected decommissioning and rehabilitation costs, the value of the provision and any related asset are adjusted and the effect is recognized in the statement of loss and comprehensive loss on a prospective basis over the remaining life of the operation.

Income tax

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary difference between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax balances attributable to amounts recognized directly in equity are also recognized directly in equity.

Flow-through shares

The Company finances a portion of its exploration activities through the issuance of flow-through shares. Upon the sale of flow-through shares, the Company recognizes a liability for the excess purchase price paid by the investors over the fair value of common shares without the flow-through feature (the “premium”) and records the fair value of the shares in equity. When the tax deduction of the expenditures is intended to be renounced to the investor, the liability is reversed and a deferred tax liability is recorded for the amount of the benefits renounced to the investors. To the extent the Company has unrecognized tax benefits from loss carry forwards or other tax pools in excess of book value that are not expected to expire the Company will offset the future income tax liability resulting in the premium being recognized in the statement of loss and comprehensive loss.

Use of estimates and judgment

The preparation of the Company’s condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and 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.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management applying the Company’s accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the first annual IFRS financial statements. In particular, the significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are: resource estimation, asset valuations, plant and equipment useful lives, environmental rehabilitation provisions, and other accrued liabilities.

4. IFRS standards issued but not yet effective

At the date of authorization of these condensed interim consolidated financial statements, the IASB and IFRIC have issued certain new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods. The changes to the Standards include amendments to IAS 12 *Deferred Tax* (recovery of underlying assets) and IFRS 9 *Financial Instruments*. These standards are not effective for 2011 and the Company has not completely evaluated the effects of these pronouncements.

5. Exploration and evaluation assets

The Company’s exploration and evaluation assets are comprised of the following:

	Jojay (a)	Munro (b)	Fork Lake/ Jasper/ Tamar (c)	Hudson Bay/ Pinehouse Lake (d)	Total
Balance – January 1, 2010	\$ 3,057,380	\$ 364,526	\$ -	\$ 3,403,079	\$ 6,824,985
Exploration and evaluation	4,200	-	-	59,899	64,099
Balance – December 31, 2010	3,061,580	364,526	-	\$ 3,462,978	\$ 6,889,084
Exploration and evaluation	17,081	1,509	-	16,394	34,984
Balance – March 31, 2011	\$ 3,078,661	\$ 366,035	\$ -	\$ 3,479,372	\$ 6,924,068

The Company has not yet determined whether any of its exploration and evaluation assets contain economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date and cost of properties acquired, less impairments and does not necessarily reflect fair values.

a) Jojay

The Company holds a 100% interest in the Jojay gold property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company has an Indicated Resource and Inferred Resource as defined under National Instrument 43-101 on the Jojay gold deposit. The Jojay gold property is located 11 kilometers from a producing gold mill.

b) Munro

The Company holds a 98.4% interest in the Munro gold property, consisting of certain mineral dispositions located approximately 128 kilometers northeast of La Ronge, Saskatchewan. The Munro gold property is located 7 kilometers from a producing gold mine.

c) Fork Lake/Jasper/Tamar

The Company holds a 100% interest in the Fork Lake/Jasper/Tamar gold property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan. In 2009, the Company's strategic focus and limited financial resources caused the Company to discontinue exploration on these properties in the short-term. As a result, the Company impaired the carrying value of the properties to nil.

d) Hudson Bay/Pinehouse Lake

The Company holds a 100% interest in 331 coal permits that comprise a total area of 229,280 hectares (2,292 square kilometers) and are in close proximity to Hudson Bay, and Pinehouse Lake, Saskatchewan.

6. Share capital

On February 24, 2011, the Company closed a private placement financing consisting of an aggregate of 10,125,000 common shares in the capital of the Company ("Common Shares") issued on a flow-through basis pursuant to the *Income Tax Act* (Canada) (each a "FT Share") at a price of \$0.15 per FT Share for gross proceeds of \$1,518,750. The Company is committed to incur qualifying exploration expenditures in this amount before December 31, 2012.

The Company also issued 250,100 units of the Company ("Units") at a price of \$0.14 per Unit, for gross proceeds of \$35,014. Each Unit consists of one Common Share issued on a non flow-through basis, and one half of one Common Share purchase warrant (each a half "Unit Warrant"). Each whole Unit Warrant entitles the holder thereof to purchase one Common Share on a non flow-through basis at a price of \$0.24 for a period of twelve months from the date of issuance.

The gross proceeds of \$1,553,764 from the private placement was recorded as follows: common shares of \$1,448,000, warrants of \$4,514, and the liability associated with the premium on the flow-through shares of \$101,250.

As part of the private placement the Company issued 694,173 broker warrants at an exercise price of \$0.24 for a period of twelve months from the date of issuance. The fair value of the broker warrants was estimated to be \$25,060 and recorded as a share issue cost.

The fair value of the warrants and broker warrants issued as part of the above financing was determined using the Black-Scholes model with the following assumptions: a volatility factor of 94.9%, risk-free rate of return of 1.35%, expected dividend of 0%, and expected term of 1 year.

7. Share-based payments

The Company has established a share option plan whereby options may be granted to directors, officers, employees and service providers to purchase common shares of the Company. Options granted have an exercise price of not less than the closing price quoted on the stock exchange on which the shares are traded prior to the date on which the options were granted. Certain options vest immediately while others vest six to twenty-four months after grant date and all options granted under the plan expire 5 years from the date of the grant of the options. All options are to be settled by physical delivery of shares.

The Company recognized \$963 in share-based payment expense in the administration category of the statement of loss and comprehensive loss for the three-month period ended March 31, 2011 and recovered \$5,525 for share-based payments in the administration category for the three-month period ended March 31, 2010 due to a change in estimates regarding forfeitures.

Option movements during the three-month periods ended March 31, including weighted average exercise prices are as follows:

	2011		2010	
	Options	Average Price	Options	Average Price
Outstanding – January 1	7,200,000	\$ 0.30	5,440,000	\$ 0.42
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding – March 31	7,200,000	\$ 0.30	5,440,000	\$ 0.42
Exercisable – March 31	7,137,500	\$ 0.30	4,985,000	\$ 0.44

The options outstanding at March 31, 2011 have an exercise price in the range of \$0.07 to \$0.91 (2010 - \$0.16 to \$0.91) and a weighted average contractual life of 2.5 years (2010 - 2.4 years). The options expire between the dates of April 2011 to June 2015. On June 17, 2011, the Company amended the strike price on 2.8 million options from \$0.07 to \$0.10.

8. Related party transactions

Related party transactions with key management personnel

The Company pays certain of its key management personnel through companies owned by certain executive officers and directors. Those companies are as follows:

MacNeill Brothers Oil and Gas Ltd.
Baywatch Industries Ltd.

Compensation of key management personnel and directors, including payments to companies owned by executive officers and directors, is as follows:

	March 31, 2011	March 31, 2010
Wages and short-term benefits to key management and directors	\$ 27,545	\$ 26,565
Consulting and management fees to related companies	25,500	20,500
Share-based payment transactions	963	4,814
Total compensation paid to key management personnel and directors	\$ 51,463	\$ 51,879

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel and directors. The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The fair value of share-based payments was determined using the Black-Scholes model.

The compensation paid to key management personnel and directors are included in the Company's statement of loss and comprehensive loss under the administration category. Accounts payable to key management personnel and directors at March 31, 2011 includes nil (December 31, 2010 - nil, January 1, 2010 - \$21,800).

9. Financial instruments

As at March 31, 2011, the fair value of all of the Company's financial instruments approximates their carrying value due to the short-term nature of these instruments.

10. First time adoption of IFRS

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. IFRS employs a conceptual framework that is similar to Canadian GAAP; however, the adoption has resulted in changes to the reported financial position and results of operations of the Company. Under IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to retained earnings or deficit unless certain exemptions are applied or prohibited. IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at January 1, 2010 were consistent with those made under Canadian GAAP. The exemptions that have been chosen by the Company on the transition to IFRS are as follows:

First time adoption exemptions

Share-based payments

The Company has elected to not apply IFRS 2 *Share-Based Payments* retrospectively to share-based payments that have fully vested at the transition date and therefore no transitional adjustment is required. The Company had a minimal number of equity-settled share-based payments that had not vested and as such at transition an insignificant amount was recognized at the date of transition.

Presented below are reconciliations prepared by the Company to reconcile to IFRS equity, and net and comprehensive loss of the Company from those reported under Canadian GAAP. Separate cash flow reconciliations were not prepared as those statements did not require material adjustments to reconcile to IFRS.

Reconciliation of equity and net and comprehensive loss

A reconciliation between Canadian GAAP and IFRS equity as at January 1, 2010 (date of transition to IFRS), March 31, 2010, and December 31, 2010 is provided below:

	Note	January 1, 2010	March 31, 2010	December 31, 2010
Equity under Canadian GAAP		\$ 6,773,430	\$ 6,431,065	\$ 7,286,374
Provision for environmental rehabilitation	(i)	(75,520)	(75,520)	(75,520)
Flow-through shares	(ii)	(163,336)	-	-
Total IFRS adjustments to equity		(238,856)	(75,520)	(75,520)
Equity under IFRS		\$ 6,534,574	\$ 6,355,545	\$ 7,210,854

The following is a reconciliation of the Company's Canadian GAAP statement of loss and comprehensive loss to IFRS for the three-month period ended March 31, 2010 and the twelve-month period ended December 31, 2010:

	Note	Three months ended March 31, 2010	Year ended December 31, 2010
Net and comprehensive loss for the period under Canadian GAAP		\$ (185,561)	\$ (936,380)
Basic and diluted loss and comprehensive loss per share under Canadian GAAP		\$ (0.00)	\$ (0.01)
Adjustments for differing accounting treatments under IFRS:			
Share-based payments	(iii)	12,057	17,761
Net and comprehensive loss for the period under IFRS		\$ (173,504)	\$ (918,619)
Per Share Amounts:			
Basic and diluted net and comprehensive loss per share under IFRS		\$ (0.00)	\$ (0.01)

Notes:

(i) Provision for environmental rehabilitation

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, requires a provision to be recognized when there is a present obligation as a result of a past transaction or event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligations. IFRS also requires recognition of a liability when a constructive obligation or a legal obligation exists versus only a legal obligation under Canadian GAAP. The Company believes it has a constructive obligation on certain of its exploration properties and as such recorded a provision for environmental rehabilitation related to certain of its exploration sites upon transition IFRS. The exploration and evaluation asset associated with the environmental rehabilitation provision has been impaired to nil and accordingly any asset associated with the rehabilitation provision has been expensed. Due to the immaterial nature of the time value of money associated with the environmental rehabilitation provision, the Company has not discounted the liability.

(ii) Flow-through shares

Under Canadian GAAP, flow-through share accounting caused share capital to be reduced for share issue costs by an amount recognized for future tax liabilities related to the renunciation of flow-through share expenditures at the time of renunciation. Similarly to IFRS, to the extent the Company has unrecognized tax benefits from loss carryforwards and tax pools in excess of book values, the resulting deferred tax liability is offset by the recognition of previously unrecorded tax assets. Under IFRS, the sale of flow-through shares results in a liability being recognized for the excess of the purchase price paid by the investors over the fair value of common shares without the flow-through feature (the "premium") and the fair value of the shares is recorded as equity. The premiums are recognized in earnings when the Company has the ability and intention of renouncing the tax pools. As such, once the Company fulfils its exploration expenditure requirements for the flow-through, the premium and a future income tax liability and expense is recognized. If the Company has unrecognized tax assets that are not expected to expire, the Company would recognize these previously unrecognized assets to eliminate the future income tax expense. The net result of

the difference on the Company's financial statements under IFRS is to reduce share capital by the premium as opposed to the full amount of the future tax liability and recognize the premium and future income tax expense in earnings in the period the Company intended to renounce the expenditures to the investors. Since the Company had the ability to renounce its expenditure in 2009, the future income tax liability and related expense that was recognized in the first quarter of 2010 under Canadian GAAP would have been recognized prior to transition.

(iii) Share-based payments

Under Canadian GAAP the fair value of stock-based awards with graded vesting were calculated as a single grant and the resulting fair value was recognized on a straight-line basis over the vesting periods. Forfeitures of awards were recognized as they occurred.

Under IFRS each tranche of an award with different vesting dates was considered a separate grant for the calculation of fair value, and the resulting fair value was amortized over the vesting period of the respective tranches. Forfeiture estimates were recognized in the period they were estimated, and revised for actual forfeitures in subsequent periods.

Financial statement presentation changes

Under IFRS, the Company is required to present its statement of loss and comprehensive loss by function or nature. The Company has presented its expenses by function and accordingly amortization is no longer presented as a separate line item, but is included in the administration category. The Company has also allocated corporate development expenditures as a separate function on the statement of loss and comprehensive loss which had been previously recorded in the administration category.