OLIVUT RESOURCES LTD.

FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011
(expressed in Canadian dollars)

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Olivut Resources Ltd.

We have audited the accompanying financial statements of Olivut Resources Ltd., which comprise the statements of financial position as at October 31, 2012, October 31, 2011 and November 1, 2010 and the statements of operations and comprehensive loss, statements of changes in equity and statements of cash flows for the years ended October 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

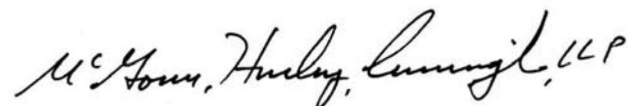
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Olivut Resources Ltd. as at October 31, 2012, October 31, 2011 and November 1, 2010 and its financial performance and cash flows for the years ended October 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes that the Company has a history of losses and a need for working capital. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
December 3, 2012

OLIVUT RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

As at:	October 31, 2012 $	October 31, 2011 $ (Note 19)	November 1, 2010 $ (Note 19)
ASSETS			
CURRENT			
Cash and cash equivalents (Note 5)	1,295,854	1,079,727	3,227,058
Amounts receivable (Note 6)	37,356	8,798	6,035
Prepaid expenses (Note 7)	144,295	47,469	19,319
Current portion of loan receivable (Note 10)	16,822	16,822	16,822
TOTAL CURRENT ASSETS	1,494,327	1,152,816	3,269,234
EQUIPMENT (Note 9)	67,862	84,915	3,571
LOAN RECEIVABLE (Note 10)	229,957	230,415	230,741
TOTAL ASSETS	1,792,146	1,468,146	3,503,546
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities (Note 11)	226,634	302,953	297,883
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (Note 14(b))	16,733,645	14,100,756	14,100,756
EQUITY RESERVES			
Stock options (Note 15(a))	1,671,731	1,861,070	1,789,838
Warrants (Note 15(b))	-	-	2,369,000
TOTAL EQUITY RESERVES	1,671,731	1,861,070	4,158,838
DEFICIT	(16,839,864)	(14,796,633)	(15,053,931)
TOTAL SHAREHOLDERS' EQUITY	1,565,512	1,165,193	3,205,663
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,792,146	1,468,146	3,503,546

COMMITMENTS AND CONTINGENCIES (Notes 8 and 16)
GOING CONCERN (Note 1)

APPROVED ON BEHALF OF THE BOARD:

Signed "Leni Keough", Director

Signed "Craig Reith", Director

See accompanying notes to the financial statements.

OLIVUT RESOURCES LTD.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(expressed in Canadian dollars)
FOR THE YEARS ENDED OCTOBER 31

	2012 $	2011 $
Exploration expenses (Notes 8 and 12)	1,664,624	1,527,649
Administrative and general expenses (Notes 12 and 15(a))	1,937,214	624,297
Amortization	17,053	9,944
Loss before the under-noted	(3,618,891)	(2,161,890)
Interest income from financial assets at fair value through profit or loss	28,239	32,514
Interest income from loans and receivables	17,541	17,674
Loss before income taxes	(3,573,111)	(2,111,702)
Deferred income tax recovery	161,880	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(3,411,231)	(2,111,702)
NET LOSS PER SHARE - basic and diluted	($0.10)	($0.07)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - basic and diluted	33,499,456	31,650,637

See accompanying notes to the financial statements.

OLIVUT RESOURCES LTD.
STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)
FOR THE YEARS ENDED OCTOBER 31,

	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(3,411,231)	(2,111,702)
Adjustments for charges not involving cash:		
Deferred income tax recovery	(161,880)	-
Share-based payments (Note 15(a))	1,452,911	71,232
Amortization	17,053	9,944
	(2,103,147)	(2,030,526)
Changes in non-cash working capital balances:		
(Increase) in amounts receivable	(28,558)	(2,763)
(Increase) in prepaid expenses	(96,826)	(28,150)
Increase (decrease) in accounts payable and accrued liabilities	(76,319)	5,070
Cash flows from operating activities	(2,304,850)	(2,056,369)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(91,288)
Loan receivable	458	326
Cash flows from investing activities	458	(90,962)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of flow-through shares	1,349,000	-
Issue of common shares	849,800	-
Less cost of issue	(51,906)	-
Issue of common shares by exercise of options	373,625	-
Cash flows from financing activities	2,520,519	-
Increase (decrease) in cash and cash equivalents	216,127	(2,147,331)
Cash and cash equivalents, beginning of year	1,079,727	3,227,058
Cash and cash equivalents, end of year (Note 5)	1,295,854	1,079,727

OLIVUT RESOURCES LTD.
STATEMENT OF CHANGES IN EQUITY
(expressed in Canadian dollars)

	Shares	Capital Stock	Equity Reserves Share-based payments	Equity Reserves Warrants	Deficit	Total
	#	$	$	$	$	$
	(Note 14 (b))	(Note 14(b))	(Note 15(a))	(Note 15(b))		
Balance, November 1 , 2010	31,650,637	14,100,756	1,789,838	2,369,000	(15,053,931)	3,205,663
Warrants expired	-	-	-	(2,369,000)	2,369,000	-
Share-based payments	-	-	71,232	-	-	71,232
Loss for the year	-	-	-	-	(2,111,702)	(2,111,702)
Balance, October 31, 2011	31,650,637	14,100,756	1,861,070	-	(14,796,633)	1,165,193
Common shares issued	772,545	849,800	-	-	-	849,800
Flow-through shares issued	1,079,200	1,187,120	-	-	-	1,187,120
Share issue costs	-	(51,906)	-	-	-	(51,906)
Options exercised	425,000	647,875	(274,250)	-	-	373,625
Options expired	-	-	(1,368,000)	-	1,368,000	-
Share-based payments	-	-	1,452,911	-	-	1,452,911
Loss for the year	-	-	-	-	(3,411,231)	(3,411,231)
Balance, October 31, 2012	33,927,382	16,733,645	1,671,731	-	(16,839,864)	1,565,512

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Olivut Resources Ltd. (the "Company" or "Olivut") is engaged in the acquisition, exploration and evaluation of mineral properties in Canada and Paraguay for the purpose of mining diamonds and other precious and base minerals. The Company's shares are listed on the TSX Venture Exchange. The head office is located at 27010 Hwy 16, 14 Mountain Park Properties, Jasper East, Alberta. These financial statements were reviewed, approved and authorized for issue by the Board of Directors on December 3, 2012.

The Company is in the process of exploring properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current or future exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation and confirmation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to obtain financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, native land claims and non-compliance with regulatory and environmental requirements. The Company's assets and operations are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The Company needs equity capital financing in order to explore and evaluate its properties and for working capital requirements. Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and/or to reach profitable levels of operation. There is no assurance that funds will be available on terms acceptable to the Company or at all.

2. BASIS OF PRESENTATION

These financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These are the Company's first annual financial statements presented in accordance with IFRS. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

2. BASIS OF PRESENTATION (Continued)

The Company's financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP"). CGAAP differs in some areas from IFRS. In preparing these financial statements management has amended certain accounting and measurement methods previously applied in the CGAAP financial statements to comply with IFRS. Note 19 discloses the impact of the transition to IFRS on the Company's Statements of Financial Position as at November 1, 2010 and October 31, 2011, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements prepared in accordance with CGAAP for the year ended October 31, 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of Judgements and Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Actual results could differ from those reported. Management believes that the estimates are reasonable.

The areas which require management to make significant judgements, estimates and assumptions in determining the reported amounts include, but are not limited to:

(i) Income Taxes and Recoverability of Potential Deferred Tax Assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

(ii) Share-Based Payments and Warrants

Management determines the value of share-based payments and warrants using market-based valuation techniques. The fair value of warrants and the market-based and performance-based non-vested share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgement used in applying valuation techniques. These assumptions and judgements include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Use of Judgements and Estimates (Continued)

(iii) Contingencies

Refer to Note 16.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances in accounts with banks and guaranteed investment certificates issued by Canadian chartered banks, with original maturities of three months or less.

(c) Currency Translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit and loss.

(d) Acquisition, Exploration, Evaluation and Development of Mineral Property Interests

Exploration and evaluation costs including property acquisition costs are expensed as incurred.

Development costs are expensed until it has been established that a mineral deposit is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

(e) Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. The Company does not have any provisions as of October 31, 2012, October 31, 2011 and November 1, 2010.

(f) Rehabilitation Provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Rehabilitation Provision (Continued)

The obligation generally arises when the asset is installed or the ground and/or environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is expensed under exploration expenses. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the statement of operations. The Company does not have any material rehabilitation provisions as of October 31, 2012, October 31, 2011 and November 1, 2010.

(g) Equipment

Equipment is stated at acquisition cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of the consideration given to acquire or construct an asset and includes direct charges associated with bringing the asset to the location and condition necessary for putting it into use.

When parts of an item of equipment have different lives, they are accounted for as separate items (major components) of equipment.

Equipment is amortized over the estimated useful lives of the assets on the declining balance basis using the following annual rates:

Drill rig	- 20% declining balance
Office equipment	- 20% declining balance
Computer equipment	- 30% declining balance

(h) Flow-Through Financing

The proceeds from the issuance of common shares with flow-through tax benefits to the shareholders (“flow-through shares”) are segregated as follows: the premium investors pay for the flow-through feature, if any, is recorded as a liability and included in accounts payable and accrued liabilities; the remaining net proceeds are recorded as share capital. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the liability previously recorded in accounts payable is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

(i) Share-Based Payments

Equity-settled share-based payments to directors, employees and consultants are measured at the fair value of the equity instruments at the grant date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Share-Based Payments (Continued)

The Company has a share option plan that provides for vesting of rights under the plan in tranches over a period of time. Each tranche is recognized on a graded-vesting basis over the period in which options vest and is recorded as a charge to operations and a credit to equity reserves. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. When options are exercised the consideration received plus the related share-based payments reserve is credited to share capital. The equity reserve relating to options cancelled or forfeited before vesting is credited to operations and after vesting directly to retained earnings (deficit).

Equity-settled share-based payment transactions with parties other than directors, employees and consultants are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The Company has never issued equity-settled share-based payments to parties other than directors, employees and consultants.

(j) Taxation

(i) Current Tax

Income tax expense, if any, represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. To the extent that the Company does not consider it to be probable that taxable profits will be available against which deductible temporary differences can be utilized, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Taxation (Continued)

(ii) Deferred Tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

k) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing earnings (loss) attributable to common shares by the weighted average number of shares outstanding during the period.

Diluted earnings (loss) per share is calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and warrants. The denominator is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all stock options and warrants with exercise prices below the average market price for the year.

As of October 31, 2012 and 2011 all outstanding options and warrants were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive.

l) Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; or
- available-for-sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- financial liabilities at fair value through profit or loss; or
- other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Financial Instruments (Continued)

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company; or
- when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled, or expire.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of all financial assets is reduced by any impairment loss, with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognized in the statement of operations.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. ACCOUNTING CHANGES

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after October 31, 2012. Updates not applicable or not consequential to the Company have been excluded.

IFRS 9 Financial Instruments - Classification and Measurement ("IFRS 9") was issued November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in International Accounting Standards ("IAS") 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with early adoption permitted. The Company has not yet determined the potential impact of IFRS 9 on its financial statements.

IFRS 10 Consolidated Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of the Standing Interpretations Committee ("SIC") 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The standard is required to be applied for accounting periods beginning on or after January 1, 2013. The Company has not yet determined the impact of IFRS 10 on its financial statements.

IFRS 11 Joint Arrangements ("IFRS 11") replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previously jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 Investments in Associates and IAS 36 Impairments of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented.

The standard is required to be applied for the accounting periods beginning on or after January 1, 2013. The Company has not yet determined the impact of IFRS 11 on its financial statements.

IFRS 13 Fair Value Measurement ("IFRS 13") addresses how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of IFRS 13 on its financial statements.

5. CASH AND CASH EQUIVALENTS

	October 31, 2012 $	October 31, 2011 $	November 1, 2010 $
Cash in account at a Canadian Chartered Bank	787,568	1,079,727	1,564,325
Cash in Guaranteed Investment Certificates issued by a Canadian Chartered Bank	508,286	-	1,662,733
	1,295,854	1,079,727	3,227,058

6. AMOUNTS RECEIVABLE

	October 31, 2012 $	October 31, 2011 $	November 1, 2010 $
GST input tax credit	37,356	8,798	6,035

7. PREPAID EXPENSES

	October 31, 2012 $	October 31, 2011 $	November 1, 2010 $
Prepaid insurance premiums	18,375	18,005	19,319
Professional fees	121,870	27,955	-
Deposit on future conference	4,050	1,509	-
	144,295	47,469	19,319

8. MINERAL PROPERTY AND EXPLORATION EXPENDITURES

The Company has a 100% interest in the HOAM Project located in the Mackenzie Region, Northwest Territories, Canada (the "HOAM Project"). This interest is subject to a 1.5% Net Smelter Return royalty ("NSR"), 50% of which is held by a director and officer of the Company.

On July 6, 2011, the Company announced that it had signed an option agreement with Latin American Minerals Inc. ("LAT") (TSXV:LAT) and certain of its Paraguayan subsidiaries to explore the Itapoty Diamond Project located in central Paraguay, South America. Olivut may earn a 50% interest in the Itapoty Diamond Project by incurring $250,000 in expenses by July 5, 2012 and an additional $750,000 by January 5, 2014. The July 5, 2012 requirement was met and a total of $332,179 was incurred by October 31, 2012. Olivut is the operator.

In May 2009, the Company signed an option agreement with Orosur Mining Inc. ("OMI") (TSXV:OMI) to explore certain properties located in northern Uruguay, South America (the "Rivera Project"). Pursuant to subsequent exploration activities, Olivut determined that additional expenditures on these diamond prospecting and exploration licenses were not justified and on June 17, 2012, pursuant to the terms of the option agreement, the Company terminated the option. As a result, the Company has no further interest in these properties, but remains responsible for any environmental or other liabilities arising from work performed by the Company. The Company believes there are no such liabilities outstanding.

8. MINERAL PROPERTY AND EXPLORATION EXPENDITURES (Continued)

During the year ended October 31, 2012, the Company incurred $1,664,624 (2011 - $1,527,649) on exploration expenditures. Cumulative exploration expenditures made by the Company as at October 31, 2012 total $14,959,966 (at October 31, 2011 - $13,295,342). This cumulative total represents $14,105,908 spent on the HOAM Project (October 31, 2011 - $12,635,912), $332,179 (October 31, 2011 - $188,309) spent on the Itapoty Diamond Project and $521,879 spent on the Rivera Project (October 31, 2011 - $471,121).

9. EQUIPMENT

	October 31, 2012			October 31, 2011		
	Cost $	Accumulated Amortization $	Net $	Cost $	Accumulated Amortization $	Net $
Drill rig	91,288	25,561	65,727	91,288	9,129	82,159
Office equipment	11,951	10,309	1,642	11,951	9,899	2,052
Computer equipment	17,316	16,823	493	17,316	16,612	704
	120,555	52,693	67,862	120,555	35,640	84,915

	November 1, 2010		
	Cost $	Accumulated Amortization $	Net $
Office equipment	11,951	9,386	1,565
Computer equipment	17,316	16,310	1,006
	29,267	25,696	3,571

10. LOAN RECEIVABLE

On May 25, 2007, the Company loaned $250,000 to an unrelated corporation that is providing services to the Company. The loan bears interest at 7% per annum and is secured by a general security agreement covering all assets of the borrower. Repayment terms include monthly payments of interest and principal of $1,500 with the balance due May 25, 2017.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2012 $	**October 31, 2011** $	**November 1, 2010** $
Corporate payables and accrued liabilities	128,961	87,636	250,246
Exploration expense payables	97,673	215,317	47,637
	226,634	302,953	297,883

12. RELATED PARTY TRANSACTIONS

The remuneration of directors and key management personnel during the period was as follows:

	Years ended October 31	
	2012	2011
	$	$
Salaries	236,175	220,781
Short term benefits	52,000	35,000
Share-based payments	1,292,473	13,842
Total remuneration	1,580,648	269,623

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Independent non-executive directors are not remunerated other than the benefits received, if any, from the granting of stock options.

In addition to salaries and benefits, during the year ended October 31, 2012, a total of $149,000 (2011 - $106,500) for exploration consulting expenditures, and $9,600 (2011 - $9,600) for administrative and general expenses included in the statement of operations were accrued or paid to directors and officers of the Company or persons or companies related to or controlled by them. The directors and officers of the Company or persons or companies related to or controlled by them were also reimbursed at cost for expenses incurred on behalf of the Company.

In connection with the December 22, 2011 private placement (see note 14(b)), 100,000 common shares with flow-through tax benefits were sold to certain officers of the Company.

Amounts included in accounts payable and accrued liabilities owed to directors and officers of the Company or persons or companies related to or controlled by them are as follows:

	Amounts owed to related parties, as at		
	October 31, 2012	October 31, 2011	November 1, 2010
	$	$	$
Officers and directors	74,664	36,550	178,550
Other related parties	53,603	Nil	6,697

13. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 27% (2011 – 29%) are as follows:

	2012 $	2011 $
Loss before income taxes	(3,573,111)	(2,111,702)
Expected income tax (benefit) based on statutory rates	(965,000)	(606,300)
Adjustments to benefit resulting from:		
Stock-based compensation	417,100	20,500
Share issue costs	(17,300)	-
Flow-through renunciation	(161,880)	
Effect of change in tax rates	117,200	78,300
Other	242,800	(1,300)
	(367,080)	(508,800)
Change in valuation allowance	205,200	508,800
Income tax expense (recovery)	(161,880)	-

b) Deferred Tax Balances

The tax effects of temporary differences that give rise to deferred income tax assets that have not been recognized at October 31 are as follows:

	2012 $	2011 $
Deferred income tax assets:		
Non-capital losses	368,400	368,400
Equipment	10,900	6,600
Share issue costs	10,200	-
Exploration properties	2,801,100	2,610,400
Net future tax asset not recognized	3,190,600	2,985,400

13. INCOME TAXES (Continued)

c) Tax Loss Carry-Forwards

As at October 31, 2012, the Company has approximately $10,387,000 of Canadian Exploration Expenditures and $857,000 of cumulative foreign resources expenses, which, under certain circumstances, may be utilized to reduce taxable income of future years. Also, as at October 31, 2012, the Company has approximately $1,473,000 of non-capital losses in Canada, which, under certain circumstances, may be utilized to reduce taxable income in future years. These non-capital losses expire as follows:

Year of Expiry	Amount
2013	$ 97,000
2014	79,000
2024	92,000
2025	173,000
2026	265,000
2027	293,000
2028	132,000
2029	122,000
2030	111,000
2031	109,000
	$1,473,000

14. CAPITAL STOCK

The capital stock is as follows:

a) Authorized

Unlimited number of common shares without par value

b) Issued

33,927,382 common shares

A summary of changes during the years ended October 31, 2012 and October 31, 2011 is as follows:

	Common Shares #	Amount $
Balance, November 1, 2010, October 31, 2011	31,650,637	14,100,756
Private placement of common shares	1,851,745	2,198,800
Share issue costs	-	(51,906)
Premium for flow-through tax benefits	-	(161,880)
Options exercised	425,000	647,875
Balance, October 31, 2012	33,927,382	16,733,645

14. CAPITAL STOCK (Continued)

b) Issued (Continued)

On December 22, 2011 the Company issued a total of 1,851,745 common shares through a non-brokered private placement for aggregate gross proceeds of $2,198,800. The private placement comprised placements of (i) 1,079,200 common shares with flow-through tax benefits to the shareholders ("flow-through shares" or the "FT Shares") for proceeds of $1,349,000 at a price of $1.25 per FT Share and (ii) 772,545 common shares for proceeds of $849,800 at a price of $1.10 per common share.

15. EQUITY RESERVES

	Number of Options #	Weighted Average Exercise Price $	Grant Date Fair Value of Options $	Number of Warrants #	Weighted Average Exercise Price $	Grant Date Fair Value of Warrants $
November 1, 2010	2,950,000	0.808	1,789,838	2,300,000	2.00	2,369,000
Granted/expensed	50,000	1.700	71,232	-		-
Expired	-			(2,300,000)	2.00	(2,369,000)
October 31, 2011	3,000,000	0.823	1,861,070	-	-	-
Granted/expensed	2,495,000	1.400	1,452,911	-	-	-
Exercised	(425,000)	0.853	(274,250)	-	-	-
Expired	(1,800,000)	1.000	(1,368,000)	-	-	-
October 31, 2012	3,270,000	1.158	1,671,731	-	-	-

a) Stock options

The Company's Stock Option Plan (the "Plan") provides for the granting of stock options to independent directors (who receive no other compensation from the Company), officers, employees and consultants of the Company. Stock options are granted for a term not to exceed ten years at exercise prices not less than the closing sale price of the Company's shares on the TSX Venture Exchange on the trading day immediately preceding the date the options are granted, and are not transferable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued shares.

15. EQUITY RESERVES (Continued)

a) Stock options (Continued)

The following is a summary of stock options outstanding at October 31, 2012:

Expiry Date	Outstanding Stock Options #	Exercisable Stock Options #	Estimated Grant Date Fair Value $	Exercise Price $
January 18, 2013	125,000	125,000	80,000	0.850
December 9, 2014	565,000	565,000	79,100	0.165
April 19, 2015	35,000	35,000	9,100	0.300
March 10, 2016	50,000	50,000	73,500	1.700
June 27, 2022 (i)	2,495,000	-	3,368,250	1.400
Total, October 31, 2012	3,270,000	775,000	3,609,950	1.158

i) The 2,495,000 unvested options as at October 31, 2012 vest as to 831,666 on December 27, 2012, 831,667 on June 27, 2013 and 831,667 on December 27, 2013.

The estimated grant date fair value is calculated using the Black-Scholes option pricing model with the following assumptions:

	2012	2011
Expected dividend yield	0%	0%
Risk-free interest rate	1.82%	2.68%
Expected volatility	130%	130%
Expected life	10years	5years

The fair values attributed to the options when granted is charged to administrative and general expenses and added to equity reserves over the period the options vest. An amount of $1,452,911 was charged to administrative and general expenses during the year ended October 31, 2012 (2011 - $71,232).

The weighted average remaining contractual life of options as of October 31, 2012 is 7.8 years (October 31, 2011 – 0.98 years). The weighted average exercise price of options exercisable as at October 31, 2012 is $0.38 (October 31, 2011 - $0.81).

b) Warrants

All warrants expired unexercised on May 14, 2011.

16. COMMITMENTS AND CONTINGENCIES

a) Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

b) Management Contracts

The Company is party to a management contract. Minimum contract commitments remaining under the agreement are approximately $660,000, including $220,000 due within one year. Upon the occurrence of certain events such as a change in control, the contract requires payment of up to $1,000,000. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

c) Flow-Through Shares

Pursuant to the issuance of 1,079,200 flow-through shares on December 22, 2011, the Company has renounced $1,349,000 of qualified exploration expenditures with an effective date of December 31, 2011.

As of October 31, 2012 the Company has fully expended this amount on qualified exploration expenditures.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that may become payable by the shareholder as a result of the Company not having met its expenditure commitments.

d) Operating Lease

The Company is committed to an operating lease for equipment rental, which expires on May 2, 2014. Minimum lease payments for successive fiscal years ending October 31 are as follows:

Year	$ Amount
2013	2,880
2014	1,440
	4,320

17. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration properties. The capital of the Company consists of capital stock and equity reserves. The Board of Directors does not establish quantitative return on capital criteria for the Company's management, but rather relies on the expertise of management to sustain future development of the business.

17. CAPITAL MANAGEMENT (Continued)

The properties in which the Company currently has an interest are in the exploration stage. Accordingly, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for its administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if reasonably available. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

There were no changes in the Company's approach to capital management during the years ended October 31, 2012 and October 31, 2011. The Company is not subject to externally imposed capital requirements.

18. FINANCIAL RISK FACTORS

The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents, amounts receivable and a loan receivable. The Company has no significant credit risk arising from operations. Cash and cash equivalents consist of bank deposits with a Canadian Chartered bank and guaranteed investment certificates issued by a Canadian Chartered bank. The loan receivable is described in Note 10 and is secured by all assets of the borrower. Management believes that the credit risk with respect to these financial instruments is remote.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. As at October 31, 2012, the Company had a cash and cash equivalents balance of $1,295,854 (October 31, 2011 - $1,079,727, November 1, 2010 - $3,227,058) to settle current liabilities of $226,634 (October 31, 2011 - $302,953, November 1, 2010 - $297,883). All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity financing to meet its ongoing working capital requirements. On the basis of the Company's current cash position, management of the Company believes that it has sufficient funds to meet its ongoing administrative and general costs until the fiscal year end October 31, 2013 and will be soliciting additional financing during the next year to enable the Company to continue exploration on its projects and to consider new opportunities. Management carefully monitors its cash balances and may postpone material exploration expenses so as to protect the Company's working capital if equity markets do not permit additional financing.

18. FINANCIAL RISK FACTORS (Continued)

c) Market Risk

(i) *Interest Rate Risk*

The Company has cash and cash equivalents balances and no interest bearing debt at October 31, 2012. The Company's current policy is to invest cash in investment-grade short-term guaranteed investment certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company considers interest rate risk to be minimal as investments are short-term, the Company does not carry interest-bearing debt, the loan receivable is at a fixed interest rate and it is expected that future financings, if any, would be secured from equity placements rather than debt obligations.

(ii) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes that the foreign exchange risk from currency conversions is negligible.

As discussed in Note 8, the Company acts as operator of an exploration project in Paraguay. At October 31, 2012, the Company has spent $332,179 on the Itapoty Diamond Project in Paraguay and has the option to spend an additional $667,821 by January 5, 2014, all in Canadian dollars. Management believes that the Company will not be subject to any material foreign currency risk related to this option.

(iii) Price Risk

The Company is exposed to price risk with respect to commodity prices. Although the Company has no influence on commodity prices, it closely monitors commodity prices to determine appropriate courses of action.

d) Fair Value

The Company has designated its cash equivalents as held-for-trading, measured at fair value. Amounts receivable and loan receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts for amounts receivable and accounts payable and accrued liabilities on the statement of financial position approximate fair value because of the limited terms of these instruments. The fair value of the loan receivable approximates carrying value as the interest rate approximates the current rate for similar instruments.

The Company's financial instruments that are carried at fair value consist of cash equivalents that do not have quoted market prices. They have been classified as level 2 within the fair value hierarchy.

18. FINANCIAL RISK FACTORS (Continued)

e) Sensitivity to Financial Risks

The Company considers interest rate risk to be minimal as investments are short-term; the loan receivable (Note 10) has a fixed interest rate of 7% and the Company does not carry interest bearing debt. It is expected that future financings, if any, would be secured from equity placements rather than debt obligations. Based on cash and cash equivalents held by the Company as at October 31, 2012, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately $13,000.

The Company does not hold any balances in foreign currencies to give rise to foreign exchange risk.

Price risk is remote since the Company is not a producing entity.

There were no changes in the years ended October 31, 2012 and October 31, 2011 that occurred that were attributed to financial risk.

19. TRANSITION TO IFRS

The Company's financial statements for the year ending October 31, 2012 are the first annual financial statements that comply with IFRS and have been prepared as described in note 2, including the application of IFRS 1.

IFRS 1 requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was November 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company is October 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

a) Initial Elections Upon Adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from CGAAP to IFRS.

(i) IFRS Exemption Options

Business combinations - IFRS 1 provides, amongst other things, the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the Transition Date. The Company elected to apply IFRS 3 prospectively from the Transition Date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company did not apply IFRS 3 retrospectively to business combinations that occurred prior to its Transition Date and such business combinations have not been restated. Any goodwill arising on such business combinations before the Transition Date has not been adjusted from the carrying value previously determined under CGAAP as a result of applying this exemption.

19. TRANSITION TO IFRS (CONTINUED)

a) Initial Elections Upon Adoption (Continued)

(i) IFRS Exemption Options (Continued)

Share-based payments - IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

Consolidated and separate financial statements - In accordance with IFRS 1, if a Company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively.

Compound financial instruments – IAS 32 provides for the revaluation of compound financial instruments. In accordance with IFRS 1, the Company has elected not to revalue compound financial instruments where the liability component does not exist as of the Transition Date.

(ii) IFRS Mandatory Exceptions

Estimates - Hindsight is not used to create or revise estimates. The estimates previously made by the Company under CGAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

b) Adjustments on Transition to IFRS

IFRS has many similarities with CGAAP as it is based on a similar conceptual framework. However, there are differences with regard to recognition, measurement and disclosure. While adoption of IFRS did not change the Company's cash flows, it resulted in changes to the Company's Statements of Financial Position and Statements of Changes in Equity as set out below:

(i) *Share-Based Payments*

On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments. Amounts previously recorded for expired unexercised stock options and warrants in contributed surplus are transferred to deficit. Amounts previously recorded for values attributed stock options when granted and allocated over the vesting period to stock-based compensation and credited to contributed surplus are transferred to equity reserves.

Impact on Transitional Statements of Financial Position

	October 31, 2011	November 1, 2010
Expired unexercised stock options and warrants transferred from contributed surplus to deficit	$2,730,644	361,644
Stock options transferred from contributed surplus to equity reserves	$1,861,070	1,789,838

19. TRANSITION TO IFRS (CONTINUED)

b) Adjustments on Transition to IFRS (Continued)

(ii) Flow-Through Shares

Under CGAAP, the entire net proceeds from the issuance of flow-through shares were recognized in equity. Upon renunciation of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and shareholders' equity reduced.

The Company has adopted a policy whereby proceeds from the issuance of flow-through shares are accounted for as follows: the premium investors pay for the flow-through feature, if any, is recorded as a flow-through liability and included in accounts payable and accrued liabilities; the remaining net proceeds are recorded as share capital. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

The Company had, under CGAAP, recorded deferred tax liabilities totaling $2,160,900 on flow-through shares issued between 2004 and 2006. Under the revised IFRS accounting policy an adjustment for this amount has been recognized in shareholder's equity with a corresponding increase in the accumulated deficit.

c) Reconciliation to Previously Reported Financial Statements

A reconciliation of the above noted changes is included in the following Transitional Balance Sheets as at the dates noted below.

i) Transitional Statement of Financial Position Reconciliation - November 1, 2010

ii) Transitional Statement of Financial Position Reconciliation - October 31, 2011

There is no effect of transition from CGAAP to IFRS on the statements of operations and comprehensive loss or cash flows. Therefore, a reconciliation of those statements has not been presented.

19. Transition to IFRS (continued)

OLIVUT RESOURCES LTD.

Reconciliation of Transitional Statement of Financial Position as of November 1, 2010

	Notes	Canadian GAAP balance $	IFRS adjustments $	IFRS balance $
ASSETS				
CURRENT				
Cash and cash equivalents		3,227,058	-	3,227,058
Amounts receivable		6,035	-	6,035
Prepaid expenses		19,319	-	19,319
Current portion of loan receivable		16,822	-	16,822
		3,269,234	-	3,269,234
EQUIPMENT		3,571	-	3,571
LOAN RECEIVABLE		230,741	-	230,741
		3,503,546	-	3,503,546
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities		297,883		297,883
CAPITAL STOCK	b)(ii)	11,939,856	2,160,900	14,100,756
EQUITY RESERVES				
Options	b)(i)		1,789,838	1,789,838
Warrants		2,369,000	-	2,369,000
CONTRIBUTED SURPLUS	b)(i)	2,151,482	(361,644)	
	b)(i)		(1,789,838)	-
DEFICIT	b)(i)	(13,254,675)	361,644	
	b)(ii)		(2,160,900)	(15,053,931)
		3,205,663		3,205,663
		3,503,546		3,503,546

19. Transition to IFRS (continued)

OLIVUT RESOURCES LTD.

Reconciliation of Transitional Statement of Financial Position as of October 31, 2011

	Notes	Canadian GAAP balance $	IFRS adjustments $	IFRS balance $
ASSETS				
CURRENT				
Cash and cash equivalents		1,079,727	-	1,079,727
Amounts receivable		8,798	-	8,798
Prepaid expenses		47,469	-	47,469
Current portion of loan receivable		16,822	-	16,822
		1,152,816		1,152,816
EQUIPMENT		84,915	-	84,915
LOAN RECEIVABLE		230,415	-	230,415
		1,468,146		1,468,146
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities		302,953	-	302,953
CAPITAL STOCK	b) (ii)	11,939,856	2,160,900	14,100,756
EQUITY RESERVES				
Options	b)(i)	-	1,861,070	1,861,070
CONTRIBUTED SURPLUS	b)(i)	4,591,714	(2,730,644)	
	b)(i)		(1,861,070)	-
DEFICIT	b)(i)	(15,366,377)	2,730,644	
	b)(ii)		(2,160,900)	(14,796,633)
		1,165,193		1,165,193
		1,468,146		1,468,146