OLIVUT RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED APRIL 30, 2012
(expressed in Canadian dollars)

THESE CONDENSED INTERIM FINANCIAL STATEMENTS ARE UNAUDITED AND HAVE NOT BEEN REVIEWED BY THE COMPANY'S AUDITORS

OLIVUT RESOURCES LTD.
CONDENSED INTERIM UNAUDITED BALANCE SHEETS
(expressed in Canadian dollars)
AS AT

	April 30, 2012 $	October 31, 2011 $ (Note 13)
ASSETS		
CURRENT		
Cash and cash equivalents	2,723,249	1,079,727
Amounts receivable	14,848	8,798
Prepaid expenses	103,050	47,469
Current portion of loan receivable (Note 6)	16,822	16,822
	2,857,969	1,152,816
EQUIPMENT (Note 5)	76,388	84,915
LOAN RECEIVABLE (Note 6)	230,244	230,415
	3,164,601	1,468,146
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	166,791	302,953
COMMITMENTS AND CONTINGENCIES (Notes 4 and 9)		
GOING CONCERN (Note 1)		
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 8(b))	16,710,770	14,100,756
EQUITY RESERVES		
Options (Note 8(c))	246,197	1,861,070
DEFICIT	(13,959,157)	(14,796,633)
	2,997,810	1,165,193
	3,164,601	1,468,146

APPROVED ON BEHALF OF THE BOARD:

Signed “Leni Keough”, Director

Signed “Craig Reith”, Director

See accompanying notes to the condensed interim unaudited financial statements.

OLIVUT RESOURCES LTD.
CONDENSED INTERIM UNAUDITED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(expressed in Canadian dollars)
FOR THE

	Three months ended April 30, 2012 $	Three months ended April 30, 2011 $	Six months ended April 30, 2012 $	Six months ended April 30, 2011 $
Exploration expenses (Note 4)	136,010	152,189	394,526	466,463
Administrative and general expenses (Notes 7 and 8(c))	160,152	202,985	312,307	340,774
Amortization	4,264	204	8,527	408
Loss before the under-noted	(300,426)	(355,378)	(715,360)	(807,645)
Deferred income tax recovery	161,880	-	161,880	-
Interest income from financial assets at fair value through profit or loss	8,847	8,543	14,128	18,850
Interest income from loans and receivables	4,413	4,419	8,828	8,840
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(125,286)	(342,416)	(530,524)	(779,955)
NET LOSS PER SHARE - basic and diluted	($0.004)	($0.011)	($0.016)	($0.025)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - basic and diluted	33,794,382	31,650,637	33,142,982	31,650,637

See accompanying notes to the condensed interim unaudited financial statements.

OLIVUT RESOURCES LTD.
CONDENSED INTERIM UNAUDITED STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)
FOR THE

	Three months ended April 30, 2012 $	Three months ended April 30, 2011 $	Six months ended April 30, 2012 $	Six months ended April 30, 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	(125,286)	(342,416)	(530,524)	(779,955)
Adjustments for charges not involving cash:				
Deferred income tax recovery	(161,880)	-	(161,880)	-
Stock-based compensation	6,620	18,477	16,877	29,873
Amortization	4,264	204	8,527	408
			(667,000)	(749,674)
Changes in non-cash working capital balances:				
(Increase) in amounts receivable	1,989	-	(6,050)	(4,786)
(Increase) in prepaid expenses	7,849	-	(55,581)	7,576
(Decrease) in accounts payable and accrued liabilities	(115,443)	(150,526)	(136,162)	(158,115)
Cash flows from operating activities	(381,887)	(457,995)	(864,793)	(904,999)
CASH FLOWS FROM INVESTING ACTIVITIES				
Loan receivable	86	81	171	160
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	86,250	-	361,250	-
	86,250	-	2,508,144	-
Increase (decrease) in cash and cash equivalents	(295,551)	(457,914)	1,643,522	(904,839)
Cash and cash equivalents, beginning of period	3,018,800	2,780,133	1,079,727	3,227,058
Cash and cash equivalents, end of period	2,723,249	2,322,219	2,723,249	2,322,219
CASH AND CASH EQUIVALENTS ARE COMPOSED OF:				
Cash	1,716,356	1,543,601	1,716,356	1,543,601
Cash equivalents	1,006,893	778,618	1,006,893	778,618
	2,723,249	2,322,219	2,723,249	2,322,219

See accompanying notes to the condensed interim unaudited financial statements.

OLIVUT RESOURCES LTD.
CONDENSED INTERIM UNAUDITED STATEMENTS OF SHAREHOLDERS' EQUITY
(expressed in Canadian dollars)

	Shares	Capital Stock	Share-based payment reserve Stock Options	Share-based payment reserve Warrants	Retained earnings (deficit)	Total
	#	$	$	$	$	$
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	350,000	625,000	(263,750)	-	-	361,250
Options expired	-	-	(1,368,000)	-	1,368,000	-
Stock-based compensation	-	-	16,877	-	-	16,877
Loss for the period	-	-	-	-	(530,524)	(530,524)
Balance, April 30, 2012	33,852,382	16,710,770	246,197	-	(13,959,157)	2,997,810
Balance, November 1 , 2010	31,650,637	14,100,756	1,789,838	2,369,000	(15,053,931)	3,205,663
Stock-based compensation	-	-	29,873	-	-	29,873
Loss for the period	-	-	-	-	(779,955)	(779,955)
Balance, April 30, 2011	31,650,637	14,100,756	1,819,711	2,369,000	(15,833,886)	2,455,581

See accompanying notes to the condensed interim unaudited 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, Uruguay 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. The condensed interim unaudited financial statements were reviewed, approved and authorized for issue by the Board of Directors on June 7, 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 political uncertainty.

The Company has a need for equity capital and 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 condensed interim financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). As these financial statements represent the Company's initial presentation of its second quarter results and financial position under IFRS, they were prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting and by IFRS 1, First-time Adoption of IFRS. These condensed interim financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its October 31, 2012 financial statements. Those accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be applicable at that time. 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. The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's condensed interim financial statements for the period ended January 31, 2012 and these condensed interim financial statements should be read in conjunction with the condensed interim financial statements for the period ended January 31, 2012. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Company's balance sheet as at April 30, 2011, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended October 31, 2011.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

3. ACCOUNTING CHANGES

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or 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 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 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.

3. ACCOUNTING CHANGES (Continued)

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.

4. 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"). The interests in exploration properties are subject to a 1.5% Net Smelter Return royalty ("NSR"), 50% of which is held by a director and officer of the Company.

In May 2009, the Company signed an option agreement with Orosur Mining Inc. ("OMI") (TSXV:OMI) for the Rivera Project to explore certain diamond prospecting and exploration licenses located in northern Uruguay, South America. Olivut is the operator. The Rivera Project is held by Cinco Rios S.A., a wholly owned subsidiary of OMI. The Company has the option (the "Option") to acquire a 51% interest in the Rivera Project by incurring minimum expenditures of $250,000 by August 1, 2010 ($285,527 was incurred by August 1, 2010) and a total of $750,000 by June 30, 2012 ($513,792 was incurred by April 30, 2012). Olivut`s interest may be increased to 80% depending on OMI`s participation in subsequent work programs.

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 ($327,447 was incurred by April 30, 2012) and an additional $750,000 by January 5, 2014. Olivut is the Operator.

During the six months ended April 30, 2012, the Company incurred $394,526 (2011 - $466,463) on exploration expenditures. Cumulative exploration expenditures made by the Company as at April 30, 2012 total $13,689,868 (at October 31, 2011 - $13,295,342). This cumulative total represents $12,848,449 spent on the HOAM Project (October 31, 2011 - $12,635,912), $513,972 spent on the Rivera Project (October 31, 2011 - $471,121) and $327,447 (October 31, 2011 - $188,309) spent on the Itapoty Project.

5. EQUIPMENT

	April 30, 2012			October 31, 2011		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
	$	$	$	$	$	$
Drill rig	91,288	17,344	73,944	91,288	9,129	82,159
Office equipment	11,951	10,105	1,846	11,951	9,899	2,052
Computer equipment	17,316	16,718	598	17,316	16,612	704
	120,555	44,167	76,388	120,555	35,640	84,915

6. 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.

7. RELATED PARTY TRANSACTIONS

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

	Six months ended April 30	
	2012	2011
	$	$
Salaries including bonuses	113,483	102,319
Short term benefits including bonuses	36,000	14,000
Share-based payments	-	12,122
Total remuneration	149,483	128,441

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.

During the three and six month periods ended April 30, 2012, a total of $12,000 and $25,000 respectively (2011 - $19,500 and $33,500 respectively) for exploration consulting expenditures, and $2,400 and $4,800 respectively (2011 - $2,400 and $4,800 respectively) for administrative and general expenses (other than salary and benefits) 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.

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	
	April 30, 2012	October 31, 2011
	$	$
Officers and directors	nil	nil
Other related parties	12,000	nil

8. CAPITAL STOCK

The capital stock is as follows:

a) Authorized

Unlimited number of common shares

b) Issued

33,852,382 common shares

A summary of changes during the six months ended April 30, 2012 is as follows:

	Common Shares #	Amount $
Balance, 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)
Option exercises	350,000	625,000
Balance, April 30, 2012	33,852,382	16,710,770

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”). 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 (the “Common Shares”) for proceeds of $849,800 at a price of $1.10 per Common Share.

c) 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 five 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.

8. CAPITAL STOCK (Continued)

c) Stock Options (Continued)

The following is a summary of stock options outstanding at April 30, 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	640,000	640,000	89,600	0.165
April 19, 2015	35,000	35,000	9,100	0.300
March 10, 2016 (i)	50,000	33,333	73,500	1.700
Total, April 30, 2012	850,000	833,333	252,200	0.362

(i) The 16,667 unvested options as at April 30, 2012 vest on September 10, 2012.

The following is a summary of stock option transactions during the six months ended April 30, 2012:

	Stock options #	Weighted average exercise price $
Outstanding October 31, 2011	3,000,000	0.823
Exercised	(350,000)	1.032
Expired	(1,800,000)	1.000
Outstanding, April 30, 2012	850,000	0.362

The weighted average remaining contractual life of options as of April 30, 2012 is 2.4 years (October 31, 2011 – 0.98 years). The weighted average exercise price of options exercisable as at April 30, 2012 is $0.33 (October 31, 2011 - $0.81).

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 $16,877 was charged to administrative and general expenses during the six months ended April 30, 2012 (2011 - $29,873).

9. 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.

9. COMMITMENTS AND CONTINGENCIES (Continued)

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 the likelihood of these events taking place is not determinable, 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.

The Company is required to expend this amount on qualified exploration expenditures by December 31, 2012. As of April 30, 2012, the amount remaining to be expended is approximately $1,148,000.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that 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
2012	1,440
2013	2,880
2014	1,440
	5,760

10. 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.

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.

10. CAPITAL MANAGEMENT (Continued)

There were no changes in the Company's approach to capital management during the period ended April 30, 2012. The Company is not subject to externally imposed capital requirements.

11. 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, amounts receivable and a loan receivable. The Company has no significant credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions. The loan receivable is described in Note 6 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 April 30, 2012, the Company had a cash and cash equivalents balance of $2,723,249 (October 31, 2011 - $1,079,727) to settle current liabilities of $166,791 (October 31, 2011 - $302,953). 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, 2012 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.

c) Market Risk

(i) *Interest Rate Risk*

The Company has cash and cash equivalents balances and no interest bearing debt at April 30, 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.

11. FINANCIAL RISK FACTORS (Continued)

c) Market Risk (Continued)

(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 4, the Company acts as operator of an exploration project in Paraguay. At April 30, 2012 the Company has spent $327,447 on the Itapoty Diamond Project in Paraguay and has the option to spend an additional $672,553 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 balance sheet 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.

e) Sensitivity to Financial Risks

The Company considers interest rate risk to be minimal as investments are short-term; the loan receivable (Note 6) 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 April 30, 2012, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately $27,000.

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 six months ended April 30, 2012 or the year ended October 31, 2011 that occurred that were attributed to financial risk.

12. SUBSEQUENT EVENT

On June 7, 2012 the Company provided notice to Cinco Rios S.A. and Orosur Mining Inc. that, pursuant to terms of the Option, the Company intends to terminate the Option effective as of June 17, 2012.

As a result, the Option covering certain properties in Uruguay, South America, shall cease to be of any further force or effect, other than those provisions of the Option which expressly survive its termination.

13. TRANSITION TO IFRS

The Company's financial statements for the year ending October 31, 2012 will be the first annual financial statements that comply with IFRS and these condensed interim financial statements were prepared as described in note 2, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS. The Company will make this statement when it issues its 2012 annual financial statements.

IFRS 1 also 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 will be 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

Please refer to the Company's January 31, 2012 condensed interim financial statements for a complete description of the initial election of accounting policies used under IFRS.

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 adjustments to the Company's Balance Sheets 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.

<u>Impact on Transitional Balance Sheets</u>

	October 31, 2011	April 30, 2011
Expired unexercised stock options and warrants transferred from contributed surplus to deficit	$2,730,644	$361,664
Stock options transferred from contributed surplus to equity reserves	$1,861,070	$1,819,711

13. 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 Sheet. 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.

13. TRANSITION TO IFRS (Continued)

c) Reconciliation to Previously Reported Financial Statements (Continued)

OLIVUT RESOURCES LTD.

Reconciliation of Balance Sheet as of April 30, 2011

	Notes	Canadian GAAP balance $	IFRS adjustments	IFRS balance
ASSETS				
CURRENT				
Cash and cash equivalents		2,322,219	-	2,322,219
Amounts receivable		10,821	-	10,821
Prepaid expenses		11,743	-	11,743
Current portion of loan receivable		16,822	-	16,822
		2,361,605		2,361,605
EQUIPMENT		3,163	-	3,163
LOAN RECEIVABLE		230,581	-	230,581
		2,595,349		2,595,349
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities		139,768	-	139,768
CAPITAL STOCK	(b)(ii)	11,939,856	2,160,900	14,100,756
EQUITY RESERVES				
Options	(b)(i)	-	1,819,711	1,819,711
Warrants		2,369,000	-	2,369,000
CONTRIBUTED SURPLUS	(b)(i)	2,181,355	(361,644)	
	(b)(i)		(1,819,711)	-
DEFICIT	(b)(i)	(14,034,630)	361,644	
	(b)(ii)		(2,160,900)	(15,833,886)
		2,455,581		2,455,581
		2,595,349		2,595,349