OLIVUT RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 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

	January 31, 2012 $	October 31, 2011 $ (Note 14)	November 1, 2010 $ (Note 14)
ASSETS			
CURRENT			
Cash and cash equivalents	3,018,800	1,079,727	3,227,058
Amounts receivable	16,837	8,798	6,035
Prepaid expenses	110,899	47,469	19,319
Current portion of loan receivable (Note 7)	16,822	16,822	16,822
	3,163,358	1,152,816	3,269,234
EQUIPMENT (Note 6)	80,652	84,915	3,571
LOAN RECEIVABLE (Note 7)	230,330	230,415	230,741
	3,474,340	1,468,146	3,503,546
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities (Note 8)	444,114	302,953	297,883
COMMITMENTS AND CONTINGENCIES (Notes 5 and 10)			
GOING CONCERN (Note 1)			
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (Note 9(b))	16,569,770	14,100,756	14,100,756
EQUITY RESERVES			
Options (Note 9(d))	294,327	1,861,070	1,789,838
Warrants (Note 9(c))	-	-	2,369,000
DEFICIT	(13,833,871)	(14,796,633)	(15,053,931)
	3,030,226	1,165,193	3,205,663
	3,474,340	1,468,146	3,503,546

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 January 31, 2012 $	Three months ended January 31 2011 $
Exploration expenses (Note 5)	258,516	314,274
Administrative and general expenses (Notes 8 and 9(d))	152,155	137,789
Amortization	4,263	204
Loss before the under-noted	(414,934)	(452,267)
Interest income from financial assets at fair value through profit or loss	5,281	10,307
Interest income from loans and receivables	4,415	4,421
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(405,238)	(437,539)
NET LOSS PER SHARE - basic and diluted	($0.01)	($0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING -basic and diluted	32,505,744	31,650,637

See accompanying notes to the condensed interim unaudited financial statements.

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

	Three months ended January 31, 2012 $	Three months ended January 31 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(405,238)	(437,539)
Adjustments for charges not involving cash:		
Stock-based compensation	10,257	11,396
Amortization	4,263	204
	(390,718)	(425,939)
Changes in non-cash working capital balances:		
(Increase) in amounts receivable	(8,039)	(11,267)
(Increase) in prepaid expenses	(63,430)	(2,209)
Decrease in accounts payable and accrued liabilities	(20,719)	(7,589)
Cash flows from operating activities	(482,906)	(447,004)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan receivable	85	79
	(482,821)	(446,925)
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	275,000	-
	2,421,894	-
Increase (decrease) in cash and cash equivalents	1,939,073	(446,925)
Cash and cash equivalents, beginning of period	1,079,727	3,227,058
Cash and cash equivalents, end of period	3,018,800	2,780,133
CASH AND CASH EQUIVALENTS ARE COMPOSED OF:		
Cash	1,502,967	1,538,790
Cash equivalents	1,515,833	1,241,343
	3,018,800	2,780,133

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
	#	$	$	$	$	$
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	-	-	71,232	-	-	71,232
Warrants expired	-	-	-	(2,369,000)	2,369,000	-
Loss for the period	-	-	-	-	(2,111,702)	(2,111,702)
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	275,000	484,000	(209,000)	-	-	275,000
Options expired	-	-	(1,368,000)	-	1,368,000	-
Stock-based compensation	-	-	10,257	-	-	10,257
Loss for the period	-	-		-	(405,238)	(405,238)
Balance, January 31, 2012	33,777,382	16,569,770	294,327	-	(13,833,871)	3,030,226
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	-	-	11,396	-	-	11,396
Loss for the period	-	-		-	(437,539)	(437,539)
Balance, January 31, 2011	31,650,637	14,100,756	1,801,234	2,369,000	(15,491,470)	2,779,520

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 April 25, 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 to reach profitable levels of operation. There is no assurance that these 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 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. Certain information and footnote disclosures which are considered material to the understanding of the Company's interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in notes along with reconciliations and descriptions of the effect of the transition from CGAAP to IFRS on equity, operations, comprehensive income, the balance sheet and cash flows.

As these are the Company's first set of condensed interim financial statements in accordance with IFRS, the Company's disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS and the additional disclosures required under IFRS, which also highlight the changes from the Company's 2011 annual financial statements prepared in accordance with CGAAP. In 2012 interim filings beyond the first quarter of 2012, the Company may not provide the same amount of disclosure as included in the January 31, 2012 condensed interim financial statements under IFRS. In 2012 and beyond, the reader will be able to rely on the annual financial statements, which will be prepared in accordance with IFRS.

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. 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 reported 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 carrying values 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance based non-vested share awards are determined 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.

(iii) Contingencies

Refer to Note 10.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances 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 January 31, 2012, October 31, 2011 and November 1, 2010.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 rehabilitation provisions as of January 31, 2012, October 31, 2011 and November 1, 2010.

g) Equipment

Equipment is stated at acquisition cost, less accumulated depreciation 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 depreciated 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Share-Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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 employees 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.

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 consolidated 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.

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 liabilities and assets 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Taxation (Continued)

(ii) Deferred Tax (Continued)

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 divided 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 January 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Financial Instruments (Continued)

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 IFRIC that are mandatory for accounting periods beginning after October 31, 2012. Updates not applicable or not consequential to the Company have been excluded.

4. ACCOUNTING CHANGES (Continued)

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 the amendments to 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 the amendments to 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 the amendments to 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 the amendments to IFRS 13 on its financial statements.

5. 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.

(expressed in Canadian dollars)

5. MINERAL PROPERTY AND EXPLORATION EXPENDITURES (Continued)

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 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 ($495,246 was incurred by January 31, 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 ($324,107 was incurred by January 31, 2012) and an additional $750,000 by January 5, 2014. Olivut is the Operator.

During the three months ended January 31, 2012, the Company incurred $258,516 (2011 - $314,274) on exploration expenditures. Cumulative exploration expenditures made by the Company as at January 31, 2012 total $13,553,858 (at October 31, 2011 - $13,295,342). This cumulative total represents $12,734,505 spent on the HOAM Project (October 31, 2011 - $12,635,912), $495,246 spent on the Rivera Project (October 31, 2011 - $471,121) and $324,107 (October 31, 2011 - $188,309) spent on the Itapoty Project.

6. EQUIPMENT

	January 31, 2012			October 31, 2011		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
	$	$	$	$	$	$
Drill rig	91,288	13,236	78,052	91,288	9,129	82,159
Office equipment	11,951	10,002	1,949	11,951	9,899	2,052
Computer equipment	17,316	16,665	651	17,316	16,612	704
	120,555	39,903	80,652	120,555	35,640	84,915

	November 1, 2010		
	Cost	Accumulated Amortization	Net
	$	$	$
Drill rig	-	-	-
Office equipment	11,951	9,386	2,565
Computer equipment	17,316	16,310	1,006
	29,267	25,696	3,571

7. 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.

(expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Compensation of Key Management Personnel of the Company

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

	Three months ended January 31	
	2012	2011
Salaries including bonuses	$56,363	$45,350
Share-based payments	-	-
Total remuneration	$56,363	$45,350

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 month period ended January 31, 2012, a total of $13,000 (2011 - $14,000) for exploration consulting expenditures, and $2,400 (2011 - $2,400) 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		
	January 31, 2012	October 31, 2011	November 1, 2010
Officers and Directors	$ 800	$nil	$nil
Other related parties	$13,000	$nil	$nil

9. CAPITAL STOCK

The capital stock is as follows:

a) Authorized
Unlimited number of common shares

(expressed in Canadian dollars)

9. CAPITAL STOCK (Continued)

a) Issued

33,777,382 common shares

A summary of changes during the three months ended January 31, 2012 is as follows:

	Common Shares #	Amount $
Balance, November 1, 2010 and 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	275,000	484,000
Balance, January 31, 2012	33,777,382	16,569,770

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 flow-through shares (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.

b) Warrants

Changes in warrants and the balance of warrants outstanding are as follows:

	Shares Issuable Upon Exercise of Warrants #	Estimated Grant Date Fair Value $	Weighted Average Exercise Price $
Balance, November 1, 2010	2,300,000	2,369,000	2.00
Expired, May 14, 2011	(2,300,000)	(2,369,000)	(2.00)
Balance, October 31, 2011 and January 31, 2012	-	-	-

d) 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.

(expressed in Canadian dollars)

9. CAPITAL STOCK (Continued)

d) Stock Options (Continued)

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

Expiry Date	Outstanding Stock Options #	Exercisable Stock Options #	Estimated Grant Date Fair Value $	Exercise Price $
April 13, 2012	75,000	75,000	54,750	1.150
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	16,667	73,500	1.700
Total, January 31, 2012	925,000	891,667	306,950	0.426

(i) The 33,333 unvested options as at January 31, 2012 vest 16,667 on March 10, 2012 and 16,666 on September 10, 2012.

The following is a summary of stock option transactions during the year ended October 31, 2011 and the three months ended January 31, 2012:

	Stock options #	Weighted average exercise price $
Outstanding November 1, 2010	2,950,000	0.808
Granted	50,000	0.100
Outstanding October, 31, 2011	3,000,000	0.823
Exercised	(275,000)	1.000
Expired	(1,800,000)	1.000
Outstanding, January 31, 2012	925,000	0.426

The weighted average remaining contractual life of options as of January 31, 2012 is 2.5 years (October 31, 2011 – 0.98 years). The weighted average exercise price of options exercisable as at January 31, 2012 is $0.38 (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 $10,257 was charged to administrative and general expenses during the three months ended January 31, 2012 (2011 - $11,396). The fair values of stock options granted during the year ended October 31, 2011 have been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

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

(expressed in Canadian dollars)

10. 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 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 January 31, 2012, the amount remaining to be expended is approximately $1,265,000.

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	2,880
2013	2,880
2014	1,440
	7,200

11. 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 management, but rather relies on the expertise of the Company's management to sustain future development of the business.

11. 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 period ended January 31, 2012 or the year ended October 31, 2011. The Company is not subject to externally imposed capital requirements.

12. 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 7 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 January 31, 2012, the Company had a cash and cash equivalents balance of $3,018,800 (October 31, 2011 - $1,079,727) to settle current liabilities of $444,114 (October 31, 2010 - $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 general and administrative 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.

12. 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 January 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 5, the Company acts as operator of exploration programs in Uruguay and Paraguay. At January 31, 2012 the Company has spent $495,246 on the Rivera Project in Uruguay and may spend an additional $254,754 by June 30, 2012 to meet the amount required to complete the earn-in under the terms of the option agreement. At January 31, 2012 the Company has spent $324,107 on the Itapoty Project in Paraguay and may spend an additional $675,893 by January 5, 2014 to meet the amount required to complete the earn-in under the terms of the option agreement. All amounts are in Canadian dollars. Management believes that the Company will not be subject to any material foreign currency risk related to these options.

(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.

12. 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 7) 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 January 31, 2012, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately $30,000.

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 three months ended January 31, 2012 or the year ended October 31, 2011 that occurred that were attributed to financial risk.

13. Subsequent Event

On April 4 and April 11, 2012 the Company issued 15,000 and 60,000 common shares respectively pursuant to the exercise of options under the terms of the Company's Share Option Plan. Proceeds received totaled $86,250.

14. 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

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.

(expressed in Canadian dollars)

14. 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 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	January 31, 2012	November 1, 2010
Expired unexercised stock options and warrants transferred from contributed surplus to deficit	$2,730,644	$361,664	$361,644
Stock options transferred from contributed surplus to equity reserves	$1,861,070	$1,801,234	$1,789,838

14. 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. 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.

i) Transitional Balance Sheet Reconciliation - November 1, 2010

ii) Interim Transitional Balance Sheet Reconciliation - January 31, 2011

iii) Transitional Balance Sheet Reconciliation - October 31, 2011

(expressed in Canadian dollars)

14. Transition to IFRS (continued)

OLIVUT RESOURCES LTD.

Reconciliation of Transitional Balance Sheet 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)	11,939,856	2,160,900	14,100,756
EQUITY RESERVES				
Options	(a)		1,789,838	1,789,838
Warrants		2,369,000	-	2,369,000
CONTRIBUTED SURPLUS	(a)	2,151,482	(361,644)	
	(a)		(1,789,838)	-
DEFICIT	(a)	(13,254,675)	361,644	
	(b)		(2,160,900)	(15,053,931)
		3,205,663		3,205,663
		3,503,546		3,503,546

(expressed in Canadian dollars)

14. Transition to IFRS (continued)

OLIVUT RESOURCES LTD.

Reconciliation of Transitional Balance Sheet as of January 31, 2011

	Notes	Canadian GAAP balance $	IFRS adjustments	IFRS balance
ASSETS				
CURRENT				
Cash and cash equivalents		2,780,133	-	2,780,133
Amounts receivable		17,302	-	17,302
Prepaid expenses		21,528	-	21,528
Current portion of loan receivable		16,822	-	16,822
		2,835,785		2,835,785
EQUIPMENT		3,367	-	3,367
LOAN RECEIVABLE		230,662	-	230,662
		3,069,814		3,069,814
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities		290,294	-	290,294
CAPITAL STOCK	(b)	11,939,856	2,160,900	14,100,756
EQUITY RESERVES				
Options	(a)		1,801,234	1,801,234
Warrants		2,369,000	-	2,369,000
CONTRIBUTED SURPLUS	(a)	2,162,878	(361,644)	
	(a)		(1,801,234)	-
DEFICIT	(a)	(13,692,214)	361,644	
	(b)		(2,160,900)	(15,491,470)
		2,779,520		2,779,520
		3,069,814		3,069,814

(expressed in Canadian dollars)

14. Transition to IFRS (continued)

OLIVUT RESOURCES LTD.

Reconciliation of Transitional Balance Sheet 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)	11,939,856	2,160,900	14,100,756
EQUITY RESERVES				
Options	(a)	-	1,861,070	1,861,070
CONTRIBUTED SURPLUS	(a)	4,591,714	(361,644)	
	(a)		(1,861,070)	
	(a)		(2,369,000)	-
DEFICIT	(a)	(15,366,377)	361,644	
	(b)		(2,160,900)	
	(a)		2,369,000	(14,796,633)
		1,165,193		1,165,193
		1,468,146		1,468,146