HARVEST GOLD CORPORATION

(An Exploration Stage Company)

Consolidated Financial Statements

MARCH 31, 2011

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Harvest Gold Corporation:

We have audited the accompanying consolidated financial statements of Harvest Gold Corporation, which comprise the consolidated balance sheets as at March 31, 2011 and 2010, and the consolidated statements of operations and deficit, comprehensive loss and accumulated other comprehensive loss and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Harvest Gold Corporation as at March 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe certain conditions that give rise to doubt about the entity's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada

July 19, 2011

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

AS AT MARCH 31

	2011	2010
ASSETS		
CURRENT		
Cash	$ 1,125,690	$ 266,046
Marketable securities (note 4)	9,500	8,000
Receivables	15,896	2,668
Prepaids	4,955	4,588
Reclamation bond (note 7)	15,938	
	1,171,979	281,302
RECLAMATION BONDS (note 7)	21,859	16,656
EQUIPMENT (note 5)	415	725
MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (note 6)	1,782,815	1,671,450
	$ 2,977,068	$ 1,970,133
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 150,986	$ 83,398
Due to related parties (note 8)	69,974	208,465
	220,960	291,863
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 9)	10,214,397	7,926,903
SHARE SUBSCRIPTIONS RECEIVED	-	112,500
CONTRIBUTED SURPLUS (note 9)	1,329,398	1,009,297
DEFICIT	(8,748,187)	(7,329,430)
ACCUMULATED OTHER COMPREHENSIVE LOSS	(39,500)	(41,000)
	2,756,108	1,678,270
	$ 2,977,068	$ 1,970,133

Nature of operations (note 1)
Commitments (notes 6 , 8 and 13)

Approved on behalf of the Board:

Rick Mark, Director

Rick Mark

Evan Sleeman, Director

Evan Sleeman

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

FOR THE YEARS ENDED MARCH 31

	2011	2010
EXPENSES		
Amortization	$ 296	$ 1,333
Consulting fees	2,128	12,606
Investor relations	175,276	12,188
Professional fees	55,245	44,638
Management fees (note 8)	64,800	60,300
Marketing and corporate communications	18,105	18,000
Geological consulting and adminstrative services (note 8)	15,484	30,363
Office and miscellaneous	29,785	9,149
Property investigation costs (note 8)	9,739	22,942
Stock-based compensation (note 9)	202,587	-
Salaries and benefits	29,728	33,783
Rent and utilities	5,074	4,353
Transfer agent and regulatory fees	33,740	13,752
Travel and promotion	3,373	2,826
LOSS BEFORE OTHER ITEMS	645,360	266,233
OTHER INCOME (EXPENSES)		
Foreign currency loss	(4,524)	(7,005)
Interest income	-	636
Impairment of mineral properties (note 6)	(818,373)	(4,486,968)
	(822,897)	(4,493,337)
LOSS BEFORE INCOME TAXES	(1,468,257)	(4,759,569)
Future income tax recovery (note 13)	49,500	-
NET LOSS FOR THE YEAR	(1,418,757)	(4,759,570)
DEFICIT, BEGINNING	(7,329,430)	(2,569,860)
DEFICIT, ENDING	$ (8,748,187)	$ (7,329,430)
LOSS PER COMMON SHARE - BASIC AND DILUTED	$ (0.02)	$ (0.11)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES - BASIC AND DILUTED	59,063,368	44,518,886

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS AND ACCUMULATED OTHER COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31

	2011	2010
NET LOSS FOR THE YEAR	$ (1,418,757)	$ (4,759,570)
Other comprehensive income:		
Unrealized gain on available for sale marketable securities	1,500	500
COMPREHENSIVE LOSS FOR THE YEAR	$ (1,417,257)	$ (4,759,070)
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING	$ (41,000)	$ (41,500)
Other comprehensive income:		
Unrealized gain on available for sale marketable securities	1,500	500
ACCUMULATED OTHER COMPREHENSIVE LOSS, ENDING	$ (39,500)	$ (41,000)

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31

	2011	2010
OPERATING ACTIVITIES		
Net loss	$ (1,418,757)	$ (4,759,570)
Items not affecting cash		
Amortization	296	1,333
Stock-based compensation	202,587	-
Future income tax recovery	(49,500)	-
Realized and unrealized foreign exchange	-	-
Impairment of mineral properties	818,373	4,486,968
Foreign Exchange	14	53
	(446,987)	(271,216)
Changes in non-cash working capital items:		
Receivables	(13,228)	4,699
Prepaids	(367)	2,340
Accounts payable and accrued liabilities	(39,526)	6,172
Due to related parties	(166,368)	188,307
	(666,476)	(69,698)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares, net	2,247,703	-
Share subscription received	-	112,500
	2,247,703	112,500
INVESTING ACTIVITIES		
Expenditures on mineral properties	(700,442)	(286,151)
Reclamation bond	(21,141)	29,372
	(721,583)	(256,779)
CHANGE IN CASH	859,643	(213,976)
CASH - BEGINNING	266,046	480,023
CASH - ENDING	$ 1,125,690	$ 266,046

Supplemental cash-flow information (note 11)

HARVEST GOLD CORPORATION
FOR THE YEAR ENDED MARCH 31, 2011
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	United States of America			Canada			**March 31, 2011**
	Garcia Flats Property	**Rosebud Gold Mine**	**RW Claims**	**Conley Estate Claims**	**Hunt Property**	**Rice Lake Claims**	**Total**
Mineral Property acquisition							
Balance, March 31, 2010	$ 82,605	$ 330,248	$ -	$ 42,100	$ 1	$ 49,000	$ 503,954
Acquisition costs - cash	-	80,856	-	20,000	-	-	100,856
Acquisition costs - shares	-	20,000	-	9,750	-	-	29,750
Impairment	(82,604)	-	-	(71,850)	-	-	(154,454)
Balance, March 31, 2011	$ 1	$ 431,104	$ -	$ -	$ 1	$ 49,000	$ 480,106
Expenditures							
Balance, March 31, 2010	$ 422,172	$ 505,660	$ -	$ 237,889	$ -	$ 1,775	$ 1,167,496
Assay and sampling	-	92,152	-	-	-	-	92,152
Automobile costs	-	13,516	-	-	-	-	13,516
Claim fees	3,410	13,084	29,499	168	-	1,062	47,223
Consulting services	-	112,744	-	280	-	4,814	117,838
Drilling expenses	-	440,828	-	-	-	-	440,828
Equipment and supplies	-	9,157	2	-	-	-	9,159
Shipping and printing costs	-	794	18	-	-	-	813
Stock-based compensation (note 9)	-	64,555	-	-	-	-	64,555
Travel and transportation	-	10,765	69	-	-	2,214	13,048
	3,410	757,595	29,589	448	-	8,090	799,132
Impairment	(425,582)	-	-	(238,337)	-	-	(663,919)
	(422,172)	757,595	29,589	(237,889)	-	8,090	135,213
Balance, March 31, 2011	-	1,263,255	29,589	-	-	9,865	1,302,709
Total, March 31, 2011	$ 1	$ 1,694,359	$ 29,589	$ -	$ 1	$ 58,865	$ 1,782,815

HARVEST GOLD CORPORATION
FOR THE YEAR ENDED MARCH 31, 2010
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES AND DEFERRED EXPLORTION EXPENDITURES

	United States of America			Canada				March 31, 2010
	Garcia Flats Property	**Longstreet Property**	**Rosebud Gold Mine**	**Conley Estate Claims**	**Hunt Property**	**Lesavage Property**	**Rice Lake Claims**	**Total**
Mineral Property acquisition								
Balance, March 31, 2009	$ 70,369	$ 1,184,468	$ 230,008	$ 42,100	$ 277,500	$ -	$ 49,000	$ 1,853,445
Acquisition costs - cash	2,396	-	85,240	-	-	-	-	87,636
Acquisition costs - shares	9,840	-	15,000	-	-	-	-	24,840
Impairment	-	(1,184,468)	-	-	(277,499)	-	-	(1,461,967)
Balance, March 31, 2010	$ 82,605	$ -	$ 330,248	$ 42,100	$ 1	$ -	$ 49,000	$ 503,954
Expenditures								
Balance, March 31, 2009	$ 416,409	$ 764,877	$ 371,092	$ 235,918	$ 918,593	$ 1,330,889	$ 713	$ 4,038,491
Automobile costs	-	-	5,724	-	-	-	-	5,724
Claim fees	2,487	-	8,928	96	-	144	1,062	12,717
Consulting services	-	1,250	106,800	1,875	-	5,575	-	115,500
Equipment and supplies	-	-	192	-	-	-	-	192
Geological expenses	2,348	1,976	2,348	-	-	1,155	-	7,826
Licenses and fees	702	-	-	-	-	-	-	702
Stock-based compensation (note 9)	-	-	9,115	-	-	-	-	9,115
Storage rental	-	525	-	-	-	-	-	525
Travel and transportation	226	17	1,461	-	-	-	-	1,704
	5,763	3,768	134,568	1,971	-	6,874	1,062	154,006
Impairment	-	(768,645)	-	-	(918,593)	(1,337,763)	-	(3,025,001)
	5,763	(764,877)	134,568	1,971	(918,593)	(1,330,889)	1,062	(2,870,995)
Balance, March 31, 2010	422,172	-	505,660	237,889	-	0	1,775	1,167,496
Total, March 31, 2010	$ 504,777	$ -	$ 835,908	$ 279,989	$ 1	$ 0	$ 50,775	$ 1,671,450

1. NATURE OF OPERATIONS

Harvest Gold Corporation (the "Company") was incorporated on June 28, 2005 under the laws of British Columbia and began trading on the TSX Venture Exchange ("TSX-V") on December 13, 2005.

The Company's principal business activities include the exploration of natural resource properties. The recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis. The appropriateness of using the going concern basis is dependent upon, the ability of the Company to raise additional capital to fund ongoing exploration expenditures and operating losses and ultimately on generating profitable operations.

Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and overhead costs. As a result of the implementation of this plan, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the upcoming fiscal year. Further discussions of liquidity risk have been disclosed in Note 10.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation and Consolidation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Harvest Gold Corporation (US). All significant inter-company transactions and balances have been eliminated upon consolidation.

b) Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Areas requiring significant management estimates relate to the determination of impairment of mineral properties, going concern assessments, expected tax rates for future income taxes, fair value of stock-based payments, useful lives for amortization of long-lived assets, the fair values assigned to marketable securities, asset retirement obligations and financial instruments. Financial results as determined by actual events could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Equipment

Equipment is recorded at cost. The Company amortizes its equipment using the declining balance method at the following annual rates:

Computer Equipment	30%
Field Equipment	20%

One-half of the normal rate is recorded in the year of acquisition.

d) Mineral Properties and Deferred Exploration Expenditures

All costs related to mineral property acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production using the units of production basis or written off if the interest is deemed impaired, abandoned, sold or the carrying value is determined to be impaired.

The amounts shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects as well as future profitable production or proceeds from the disposition thereof.

Mineral property costs are regularly reviewed, on a property by property basis, to consider whether there are any conditions which may indicate impairment. The conditions evaluated include the economics of the project, the Company's progress in its exploration activities, and the exploration results experienced by the Company. When conditions indicate that there may be impairment, the carrying value of the property is compared to its net recoverable amount which is estimated as the undiscounted cash flows expected to result from the property's use and eventual disposition. When the carrying value of the property exceeds its net recoverable amount, the estimated fair value of the property is computed and an impairment loss is recognized equal to the excess of the carrying amount over the fair value.

e) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable directly at the discretion of the optionee, amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

f) Translation of Foreign Currencies

The Company has determined that its subsidiary is an integrated operation; therefore, monetary items are translated at the rate of exchange in effect at the balance sheet date, non-monetary items are translated at historic exchange rates and revenue and expense items are translated at the average rate prevailing during the year.

Exchange gains and losses arising from these transactions are reflected in the consolidated statement of operations and deficit in the year in which they occur.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Asset Retirement Obligations

The Company follows the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3110, “Asset Retirement Obligations.” An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would indicate obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

At March 31, 2011 and 2010 management has determined that there are no material asset retirement obligations to the Company.

h) Impairment of Long-Lived Assets

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

i) Loss per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period and does not include outstanding options and warrants. Dilutive loss per common share is not presented differently from basic loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

j) Stock-Based Compensation

The Company follows the accounting standards issued by the CICA Handbook Section 3870, “Stock-Based Compensation And Other Stock-Based Payments”, which requires the fair-value based method for measuring compensation costs. The Company determines the fair value of the stock-based compensation using the Black-Scholes option pricing model.

The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date and any adjustment is charged or credited to operations upon re-measurement. Any consideration paid on the exercise of stock options is credited to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Future Income Taxes

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

l) Flow-through shares

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

The Company follows recommendations by the Emerging Issues Committee ("EIC") of the CICA relating to the issuance of flow-through shares. EIC 146 requires the recognition of future income tax liabilities relating to the issuance of flow-through shares as a direct reduction in share capital in the period of completion of applicable tax filings renouncing qualifying Canadian exploration expenditures to the share subscribers. The Company will recognize future income tax recoveries by applying available non-capital losses and other deductible temporary differences not previously recognized to offset any future income tax liability resulting from the issuance of flow-through shares. The resulting future income tax recovery is recognized in operating results in the same period.

m) Financial Instruments – Recognition and Measurement

The Company adopted the CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement". Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost.

The Company does not use any hedging instruments.

The Company's financial instruments consist of cash, marketable securities, receivables, reclamation bonds, accounts payable and due to related parties. Cash is measured at face value, representing fair value, and are classified as held-for-trading. Marketable securities, which are measured at fair value, are classified as available-for-sale with unrealized gains and losses included in other comprehensive income/loss. Receivables, which are measured at amortized cost, are classified as loans and receivables. Reclamation bonds, which are measured amortized cost, are classified as held-to-maturity. Accounts payable and due to related parties are measured at amortized cost and are classified as other financial liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

A net smelter royalty ("NSR") is a form of derivative financial instrument. The fair value of the Company's right to purchase an NSR is not determinable at the current stage of the Company's exploration program. Therefore, no value has been assigned by management.

The Company has determined that it does not have derivatives or embedded derivatives.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial Instruments – Recognition and Measurement (continued)

The Company adopted CICA Handbook Section 3862 "Financial Instruments – Disclosures" which was amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosures include classification of financial inputs used in making the measurements, described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – 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 – Inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has included the required disclosures in note 10 to the financial statements.

n) Comprehensive Income

The Company follows the CICA Section 1530, "Comprehensive Income". This section establishes standards for the reporting and presenting of comprehensive income loss which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income loss refers to items recognized in comprehensive income loss that are excluded from net income loss. At March 31, 2011, comprehensive loss was different than net loss due to an unrealized loss on marketable securities (note 4).

o) Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current period's presentation.

3. RECENT ACCOUNTING PRONOUNCEMENTS – Not Yet Adopted

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011.

The Company developed a conversion plan consisting of four key stages including: project planning and preliminary assessment, detailed assessment, design and implementation. The project planning and preliminary assessment stage has been completed. The preliminary assessment was completed with the assistance of external advisors and training and outlines the significant differences between Canadian GAAP and IFRS and rates the impact of each of the significant differences on the entity's financial statements, thereby allowing the Company to focus the detailed assessment on the highest priority items.

Other accounting pronouncements issued by the CICA with future affective dates are either not applicable or are not expected to be significant to the financial statements of the Company.

4. MARKETABLE SECURITIES

Marketable securities consist of the following holdings:

	March 31, 2011		
Company:	Shares	Fair Value	Original Cost
Grandview Gold Inc.	50,000	$ 3,500	$ 23,500
Gunpoint Exploration Ltd.	5,000	6,000	25,500
	55,000	$ 9,500	$ 49,000

	March 31, 2010		
Company:	Shares	Fair Value	Original Cost
Grandview Gold Inc.	50,000	$ 4,250	$ 23,500
Gunpoint Exploration Ltd.	50,000	3,750	25,500
	100,000	$ 8,000	$ 49,000

During the year ended March 31, 2011 the Company recognized an unrealized gain of $1,500 (March 31, 2010 – $500) which has been recorded as other comprehensive loss.

5. EQUIPMENT

	March 31, 2011			March 31, 2010		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Computer equipment	$ 4,341	$ (4,341)	$ -	$ 4,341	$ (4,341)	$ -
Field equipment	1,575	(1,160)	415	1,575	(850)	725
	$ 5,916	$ (5,501)	$ 415	$ 5,916	$ (5,191)	$ 725

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Title to mining claims involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining claims. The Company has investigated title to all of its mineral claims and, to the best of its knowledge, title to all of its claims are in good standing.

At March 31, 2011, the Company held an interest in the following mineral properties:

Garcia Flats Property, Nevada, USA

On March 30, 2006, the Company signed a letter of intent to acquire a 100% interest, in certain mining claims comprising the Garcia Flats Property located in Nevada, USA from a company related through an officer of the Company, for the following consideration:

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Garcia Flats Property, Nevada, USA (continued)

Date	Payment	Issuance of shares	
On or before February 6, 2006	US $10,000	25,000	(paid & issued)
On or before February 6, 2007	US $10,000	50,000	(paid & issued)
On or before February 6, 2008	US $10,000	100,000	(paid & issued)
On or before February 6, 2009	US $2,000	196,800	(paid & issued)

The Company has earned a 100% interest upon completion of the scheduled property option payments and expending US$400,000 in exploration expenditures over the 4 year period. The Garcia Flats Property is subject to 3% NSR which the Company also has the option to purchase 1.5% of the NSR for US$750,000.

On June 7, 2007, the Company entered into a Memorandum of Understanding ("MOU") with Gunpoint Exploration Ltd. (formerly Christopher James Gold Corp.) ("Gunpoint"), a public company listed on the TSX-V, whereby Gunpoint can earn an undivided 70% interest in Garcia Flats. In connection with the MOU, the Company paid a finder's fee of 245,000 common shares, which were issued at a fair value of $56,350.

During the year ended March 31, 2008, Gunpoint issued the Company 50,000 common shares (note 4) and reimbursed $500,000 in exploration expenditures.

During the year ended March 31, 2009, Gunpoint withdrew from the project and terminated its option.

During the year ended March 31, 2011 the Company wrote down the property to a nominal value of $1 with an impairment of $508,186 as no exploration activities took place on the property during the year.

Rosebud Gold Mine Property, Nevada, USA

On November 16, 2006, the Company signed a letter of intent to acquire a 100% interest in certain mining claims comprising the Rosebud Gold Mine Property located in Nevada, USA, for the following consideration:

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Rosebud Gold Mine Property, Nevada, USA (continued)

Date	Payment	Issuance of shares	
Upon execution of the letter of intent	US $42,600	50,000	(paid & issued
On or before December 15, 2007	US $57,400	100,000	(paid & issued
On or before December 15, 2008	US $60,000	100,000	(paid & issued
On or before December 15, 2009	US $80,000	150,000	(paid & issued
On or before December 15, 2010	US $80,000	200,000	(paid & issued

The Rosebud Gold Mine Property is subject to a 3% NSR, which the Company has the option to purchase 1.5% for $2,250,000. Upon earning a 100% interest, beginning on December 15, 2011 the Company is obligated on an annual basis to pay an advance royalty payment of US$50,000 until the property is placed into production and is to be recovered from any actual future mineral production royalty payments.

As of March 31, 2011 the Company has made the following payments on the Rosebud Gold Mine Property:

	Cash	Shares		Total
		Number of shares	Amount	
Prior to March 31, 2010	$ 269,248	400,000	$ 61,000	$ 330,248
During the year ended March 31, 2011	80,856	200,000	20,000	100,856
Total	$ 350,104	600,000	$ 81,000	$ 431,104

RW Claims, Nevada, USA

On November 19, 2010, the Company staked claims comprising the RW Claims located in Eureka County, Nevada.

Conley Estate Claims, Manitoba, Canada

On October 5, 2006, the Company signed a letter of intent to acquire a 100% interest, in certain mining claims comprising the Conley Estate Claims located in Manitoba, Canada, with Conley Mines Ltd. for the following consideration:

Date	Payment	Issuance of shares	Additional expenditures to incur	
Upon execution of the letter of intent	$ 5,000	25,000	$ -	(paid & issued)
On or before January 24, 2008	10,000	40,000	30,000	(paid, issued & completed)
On or before January 24, 2009 amended	7,500	125,000	60,000	(paid, issued & completed)
On or before January 24, 2010	20,000	75,000	150,000	(paid, issued & completed)
On or before January 24, 2011	35,000	100,000	260,000	(Agreement terminated)

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Conley Estate Claims, Manitoba, Canada (continued)

The Conley Estate Claims are subject to a 3% NSR, which the Company has the option to purchase 1.5% for $1,500,000.

As of March 31, 2011 the Company has made the following payments on the Conley Estate Claims:

	Cash	Shares		Total
		Number of shares	Amount	
Prior to March 31, 2010	$ 22,500	190,000	$ 19,600	$ 42,100
During the year March 31, 2011 (Impaired agreement terminated)	(22,500)	75,000	(19,600)	(42,100)
Total	$ -	265,000	$ -	$ -

During the year ended March 31, 2011, the Company decided to terminate the agreement and all its obligation for the Conley Estate Claims as no activities took place on the property during the year except for the payment of acquisition costs.

Hunt Property, Manitoba, Canada

By an option agreement, effective June 28, 2005, the Company acquired, subject to a 3% NSR, a 100% interest in certain claims comprising the Hunt Property located in Manitoba, Canada. As at September 30, 2008, the Company has fulfilled its required consideration payments and by sub-option agreement, optioned 60% of its interest to Ngex Resources Inc. ("NGX") (previously Canadian Gold Hunter Corp), a public company listed on the TSX-V. As a result, the Company and NGX formed a joint venture (the "Hunt Property joint venture") on a 40/60 basis, respectively.

The Hunt Property is subject to a 3% NSR, which the Hunt Property joint venture has the option to purchase up to 1.5% for $1,500,000.

At March 31, 2010, the majority owner, NGX. is seeking a joint venture partner to continue exploration of the Hunt Property and, therefore, the Company has written-down the property by $1,196,092 to a nominal value of $1.

Rice Lake Claims, Manitoba, Canada

By an option agreement dated June 23, 2008, the Company was granted an option to acquire a 100% interest in certain claims comprising the Rice Lake Claims located in, Manitoba, Canada, for the following consideration:

Date	Payment	Issuance of shares	
Upon execution of the option agreement	$ 5,000	200,000	paid & issued

The Rice Lake Claims are subject to a 2% NSR which the Company the option to purchase 1% for a total purchase price of $1,000,000.

As of March 31, 2011 the Company has made the following payments on the Rice Lake Claims:

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Rice Lake Claims, Manitoba, Canada (continued)

	Cash	Shares		Total
		Number of shares	Amount	
Prior to March 31, 2010	$ 5,000	200,000	$ 44,000	$ 49,000
During the year ended March 31, 2011	-	-	-	-
Total	$ 5,000	200,000	$ 44,000	$ 49,000

7. RECLAMATION BONDS

As of March 31, 2011, the Company issued reclamation bonds with the United States Department of Agriculture and the Nevada Division of Minerals in the amount of US$16,400 and US$17,859, respectively, to guarantee reclamation of the environment of the following properties:

Property	March 31, 2011	March 31, 2010
Longstreet	$ 15,938	$ 16,656
Rosebud Gold Mine	21,859	-
	$ 37,797	$ 16,656

Subsequent to March 31, 2011, the reclamation bond of US$16,400 was refunded to the Company.

8. RELATED PARTY TRANSACTIONS

Related party transactions are measured at their exchange amounts, which is the amount of consideration paid or received as agreed by the parties. Related party transactions are as follows:

a. Contractual commitments with related parties

i) On January 1, 2008, the Company entered into a management agreement with an officer and director to fulfil the role as Chief Executive Officer for a period of 5 years. On September 1, 2009 an amendment adjusted the monthly rate to $4,000 per month.

ii) On January 1, 2008, the Company entered into an independent contractor agreement with an officer to fulfil the role as Exploration Geologist for a period of 3 years. On October 1, 2009 an amendment adjusted the monthly rate to US$10,000 per month.

b. Transactions with related parties

The Company incurred expenditures for various services provided by directors and officers and corporations controlled by directors and officers of the Company during the years ended March 31, 2011 and 2010 as follows:

i. The Company paid or accrued $132,857 (2010 - $151,187), in geological consulting fees to directors of the Company of which $108,717 (2010 - $109,031) have been capitalized to mineral property expenditures as consulting services and property investigation costs and $14,634 (2010 - $27,162) has been expensed to geological consulting and $9,506 (2010 - $14,994) has been expensed to property investigation costs.

8. RELATED PARTY TRANSACTIONS (continued)

ii) The Company paid or accrued $64,800 (2010 - $60,300) in management fees to directors of the Company.

iii) As of March 31, 2011, amounts due to related parties were $69,974 (March 31, 2010 $208,465) which were $50,536 (2010 - $81,945) owing to companies related through directors of the Company for shared administration costs and $19,438 (2010 - $126,519) owing to an officer of the Company for geological fees. These amounts are non-interest bearing and have no fixed terms of repayment.

iv) As of March 31, 2011 the Company paid or accrued $Nil (March 31, 2010, $2,396) which were amounts paid to a company related through an officer of the Company for option payments of the Garcia Flats Property (note 6)

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

A continuity of the number of common shares issued for the years ended March 31, 2011 and 2010 and the amounts recorded in share capital and contributed surplus is as follows:

	Number of Shares	Amount	Contributed Surplus
Balance - March 31, 2009	44,296,445	$ 7,902,063	$ 1,000,182
Shares issued for mineral properties - non-cash	346,800	24,840	-
Stock-based compensation	-	-	9,115
Balance - March 31, 2010	44,643,245	7,926,903	1,009,297
Shares issued for mineral properties - non-cash	275,000	29,750	-
Exercise options for cash	200,000	24,000	-
Stock-based compensation	-	-	267,142
Shares issued for Private Placement	24,695,000	2,469,500	-
Tax benefit renounced to flow-through share subscribers		(49,500)	-
Adjust for stock-based compensation for exercise of options	-	12,354	(12,354)
Fair value of finders' warrants		(65,313)	65,313
Shares issuance costs	-	(133,297)	-
Balance - March 31, 2011	69,813,245	$ 10,214,397	$ 1,329,398

9. SHARE CAPITAL (continued)

b) Issued and outstanding (continued)

During the year ended March 31, 2011

i) On April 22, 2010, the Company completed a non-brokered private placement of 13,000,000 units at a price of $0.10 per unit for gross proceeds of $1,300,000 of which $112,500 was received during the year ended March 31, 2010. Each unit consists of one common share and one share purchase warrant. The Company has not separately disclosed the fair value of the warrants. Each warrant is exercisable to purchase an additional common share for a 2 year period at $0.20 per share. If at any time which is more than 4 months and 1 day from the date of closing, the volume weighted average trading price of the commons shares exceeds $0.30 for 20 consecutive trading day, the Company will have the right to accelerate (the "acceleration clause") the expiry date to 30 days from the date of notice. To March 31, 2011, the criteria for commencement of the acceleration clause had not been fulfilled. The Company paid cash finder's fee of $66,136 and issued 750,800 finder's warrants, exercisable to purchase an additional common share for a 2 year period at $0.20 per share. The fair value of the finders' warrants measured at the grant date was $48,000 and was recorded in share issue costs.

ii) On June 15, 2010, the Company issued 75,000 common shares at a value of $9,750 pursuant to the Conley Estate Claims (note 6).

iii) On August 10, 2010, the Company issued 100,000 common shares for proceeds of $12,000 pursuant to the exercise of stock options.

iv) On August 12, 2010, the Company issued 100,000 common shares for proceeds of $12,000 pursuant to the exercise of stock options.

v) On December 3, 2010, the Company issued 200,000 common shares at a value of $20,000 pursuant to the Rosebud Property (note 6).

vi) On December 30, 2010, the Company completed a non-brokered private placement of 1,650,000 flow-through units at a price of $0.10 per unit for gross proceeds of $165,000. Each unit consists of one flow through common share and one half of one share purchase warrant. The Company has not separately disclosed the fair value of the warrants. Each whole warrant is exercisable into one common share for a 1 year period at $0.15 per share. The tax benefit renounced to flow-through share subscribers is $49,500.

vii) On February 3, 2011, the Company completed a non-brokered private placement of 10,045,000 units at a price of $0.10 per unit for gross proceeds of $1,004,500. Each unit consists of one common share and one-half of one share purchase warrant. The Company has not separately disclosed the fair value of the warrants. Each whole warrant is exercisable to purchase one additional common share for 1 year at $0.15 per share. The Company paid a cash finder's fee of $67,160 and issued 581,200 finder's warrants, exercisable to purchase an additional common share for a 1 year period at $0.15 per share. The fair value of the finders' warrants measured at the grant date was $17,313 and was recorded in share issue costs.

During the year ended March 31, 2010

i) On May 4, 2009, the Company issued 196,800 common shares at a value of $9,840 pursuant to the Garcia Flats Property (note 6).

ii) On December 14, 2009, the Company issued 150,000 common shares at a value of $15,000 pursuant to the Rosebud Property (note 6).

9. SHARE CAPITAL (continued)

c) Warrants

A continuity schedule of outstanding common share purchase warrants for the years ended March 31, 2011 and 2010 is as follows:

	March 31, 2011			March 31, 2010		
	Number Outstanding		Weighted Average Exercise Price	Number Outstanding		Weighted Average Exercise Price
Outstanding, beginning of year	-	$	-	-	$	-
Granted	13,750,800		0.20	-		-
Granted	6,428,700		0.15	-		-
Outstanding, end of year	20,179,500	$	0.18	-	$	-

At March 31, 2011, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Warrants Outstanding	Expiry Date	Exercise Price	Weighted Average remaining contractual life (in years)
13,750,800	April 23, 2012	0.20	1.07
825,000	December 30, 2011	0.15	0.75
5,603,700	February 3, 2012	0.15	0.85
20,179,500			0.99

d) Options

A continuity schedule of the Company's outstanding stock options for the years ended March 31, 2011 and 2010 is as follows:

	March 31, 2011			March 31, 2010		
	Number Outstanding		Weighted Average Exercise Price	Number Outstanding		Weighted Average Exercise Price
Outstanding, beginning of year	4,432,500	$	0.12	4,207,500	$	0.12
Granted	3,259,325		0.13	225,000		0.12
Cancelled/ Expired	(1,517,500)		0.12	-		-
Exercised	(200,000)		0.12	-		-
Outstanding, end of year	5,974,325	$	0.13	4,432,500	$	0.12

9. SHARE CAPITAL (continued)

d) Options (continued)

The following summarizes information about stock options outstanding and exercisable at March 31, 2011:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price	Weighted Average remaining contractual life (in years)
510,000	510,000	July 31, 2011	$ 0.12	0.33
950,000	950,000	March 20, 2012	0.12	0.97
755,000	755,000	November 13, 2012	0.12	1.62
425,000	425,000	May 7, 2013	0.12	2.10
225,000	225,000	May 14, 2014	0.12	3.12
400,000	400,000	May 11, 2015	0.15	4.12
1,119,325	1,119,325	June 1, 2015	0.15	4.17
1,590,000	1,590,000	January 24, 2016	0.12	4.82
5,974,325	5,974,325			3.00

The fair value of stock-based compensation is measured at the date of grant and recognized over the vesting period. Options granted to directors and employees and warranted granted to finders were vested immediately. Options granted to investor relation consultants were vested quarterly over a 12 month period. The fair value of stock options and warrants granted to directors, employees, and consultants during the year ended March 31, 2011 was $332,455 (2010 – $9,115) of which $64,555 (2010 - $9,115) was capitalized to mineral properties and $202,587 (2010 - $Nil) was recorded in the consolidated statement of operations and deficit and $65,313 was recorded in share issue costs (2010 - $Nil).

The Company estimated the fair value of stock options and warrants granted using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2011	March 31, 2010
Expected dividend yield	0%	0%
Expected share price volatility	93.85% - 113.05%	103.57%
Risk-free interest rate	1.784% - 2.916%	2.17%
Expected life of options and warrants	1 - 5 years	5 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options.

10. MANAGEMENT OF CAPITAL AND RISK MANAGEMENT

Capital Management

The Company considers its capital structure to be shareholders' equity represented by net assets over liabilities. The Company manages its capital structure based on the funds available to the Company, in order to support acquisition, maintenance, exploration, and development of mineral properties.

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

There were no changes in the Company's approach to capital management during the year ended March 31, 2011. The Company is not subject to externally imposed capital restrictions.

Risk Management

Industry Risk: The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

Credit Risk: Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash, receivables and reclamation bonds. The risk relating to cash is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies. The risk associated with the Company's receivables and reclamation bonds is minimal as these are amounts due from various government authorities.

Currency Risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company operates in Canada and the United States. The Company's primary exposure to foreign exchange risk is in its reclamation bonds which are denominated in US dollars. The Company does not engage in any hedging activities to reduce its foreign currency risk.

Interest Rate Risk: Interest rate risk refers to the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at March 31, 2011, the Company does not hold any significant interest bearing financial instruments.

Liquidity and Funding Risk: Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high.

11. SUPPLEMENTAL CASH FLOW INFORMATION

Supplementary disclosure of cash flow information:

	For the year ended March 31, 2011	For the year ended March 31, 2010
Cash paid for interest	$ -	$ -
Cash paid for income taxes	-	-
Effect of expenditures on mineral properties in accounts payable and accrued liabilities and due to related parties	134,991	53,625
Shares issued for mineral properties	29,750	24,840
Stock-based compensation expense capitalized to mineral properties	64,555	9,115
Stock-based compensation expense recorded as share issuance costs for finders warrants	65,313	-
Reclassification of fair value of stock options exercised to share capital	(12,354)	-

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segments, being exploration and development of mineral properties. Summarized financial information for the geographic segments, the Company operates in are as follows:

	March 31, 2011	March 31, 2010
Total Assets		
Canada	$ 1,221,488	$ 603,305
United States	1,755,580	1,366,828
	$ 2,977,068	$ 1,970,133
Mineral Properties		
Canada	$ 58,866	$ 330,765
United States	1,723,949	1,340,685
	$ 1,782,815	$ 1,671,450
Equipment		
Canada	$ -	$ -
United States	415	725
	$ 415	$ 725
Total Loss		
Canada	$ (922,016)	$ (2,852,280)
United States	(496,741)	(1,907,290)
	$ (1,418,757)	$ (4,759,570)

13. FUTURE INCOME TAX

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

	For the year ended March 31, 2011	March 31, 2010
Loss before income taxes	$ (1,468,257)	$ (4,759,570)
Tax rate	28.0%	31.0%
Future income recovery	(411,112)	(1,427,871)
Non-deductible expenses and other permanent differences	56,724	(78,683)
Tax effect of share issuance costs not recognized	(33,324)	150
Change in future income taxes relating to other comprehensive income	142,027	276,649
Effect of change in tax rate	4,976	4,935
Change in valuation allowance	191,209	1,224,820
Future income tax recovery	$ (49,500)	$ -

Significant components of future income tax assets and liabilities are as follows:

	March 31, 2011	March 31, 2010
Non-capital loss carry forwards	$ 1,104,727	$ 905,699
Mineral properties and deferred exploration expenditures	706,733	725,780
Equipment	-	1,231
Share issuance costs	26,883	5,301
Marketable securities	1,127	10,250
	1,839,470	1,648,261
Valuation allowance	(1,839,470)	(1,648,261)
Net future income tax assets	$ -	$ -

The Company has Canadian non-capital losses of approximately $2,109,000 which may be available to offset future income for income tax purposes. These losses expire as follows:

2026	$ 151,000
2027	389,000
2028	447,000
2029	379,000
2030	284,000
2031	459,000
	$ 2,109,000

13. FUTURE INCOME TAX (continued)

The Company has US non-capital losses of approximately $1,699,000 which may be available to offset future income for income tax purposes. These losses expire as follows:

2026	$	67,000
2027		104,000
2028		208,000
2029		172,000
2030		899,000
2031		249,000
	$	1,699,000

Due to the uncertainty of realization of these future income tax assets, the benefit is not reflected in the financial statements as the Company has provided a full valuation allowance.

During the year ended March 31, 2011, the Company issued 1,650,000 flow-through units at a price of $0.10 per unit for proceeds of $165,000. The flow-through subscription agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. To March 31, 2011, the Company renounced $6,103 in deductions. Accordingly, $49,500, being the taxable benefit renounced, has been charged as a deduction to share capital offset by a future tax liability. Concurrent with the renunciation, the Company realized a future tax benefit against the future tax liability from the utilization of loss carryforwards. The realized tax benefit was recorded as a future income tax recovery during the year ended March 31, 2011, in accordance with CICA emerging issue pronouncement EIC-146.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2011, the Company was in receipt of the refund on the Longstreet reclamation bond of US$16,400.