RICHMOND MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Richmond Minerals Inc.:

We have audited the accompanying consolidated financial statements of Richmond Minerals Inc. and its affiliates, which comprise the consolidated statements of financial position as at May 31, 2012 and 2011 and June 1, 2010 and the consolidated statements of loss and comprehensive loss, and cash flows and changes in equity for the years ended May 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

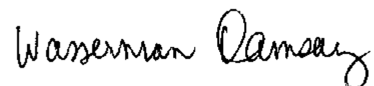
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Richmond Minerals Inc. and its affiliates as at May 31, 2012 and 2011 and June 1, 2010 and the results of its operations and cash flows for the years ended May 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to these consolidated financial statements, which states that Richmond Minerals Inc. has incurred significant losses from operations and has an accumulated deficit.. In addition, the Company at May 31, 2012 has a working capital deficit of $39,477. This, along with other matters as described in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.



Markham, Ontario
September 26, 2012

Chartered Accountants
Licensed Public Accountants

Consolidated Statements of Financial Position

(In Canadian dollars)

As at:	Note	May 31, 2012	May 31, 2011	Jun 1, 2010
ASSETS				
Current				
Cash and equivalents	8	$ 38,042	$ -	$ 212,180
Cash held for future exploration		$ -	$ 75,506	$ 495,406
Marketable securities	8	$ 23,800	$ 60,000	$ 37,000
Interest and sundry receivables	8	$ 20,913	$ 75,396	$ 80,110
		$ 82,755	$ 210,902	$ 824,696
Non-current				
Property, plant and equipment		$ 13,829	$ 17,286	$ 21,607
Mineral Properties	5	$ 541,193	$ 2,532,635	$ 1,955,739
		$ 555,023	$ 2,549,921	$ 1,977,346
		$ 637,778	$ 2,760,823	$ 2,802,042
LIABILITIES				
Current				
Accounts payable and accrued liabilities	8	$ 122,232	$ 149,052	$ 40,538
Convertible Debentures		$ -	$ 100,000	$ 77,073
		$ 122,232	$ 249,052	$ 117,611
SHAREHOLDERS' EQUITY				
Stated capital	6	$ 14,747,466	$ 14,747,466	$ 14,710,546
Contributed surplus	6	$ 610,660	$ 610,660	$ 582,860
Deficit		$ (14,842,581)	$ (12,846,355)	$ (12,608,975)
		$ 515,545	$ 2,511,771	$ 2,684,431
		$ 637,778	$ 2,760,823	$ 2,802,042

/s/ Franz Kozich
Director

/s/ Andrew McQuire
Director

Accompanying notes form an integral part of these financial statements.

Consolidated Statements of Comprehensive Loss

(In Canadian dollars)

	Note	For the Twelve months ended May 31, 2012	May 31, 2011
Revenues			
Other income		$ -	$ -
Expenses			
Administrative and general		$ 48,584	$ 42,156
Consulting fees		$ 37,590	$ 52,979
Bank charges		$ 7,082	$ -
Management fees		$ -	$ 89,624
Marketing expenditures		$ -	$ 8,241
Professional fees		$ 104,416	$ 26,144
Regulatory fees		$ 27,865	$ 25,646
Amortization expense		$ 3,457	$ 4,321
Interest expense	7	$ 30,717	$ 36,269
		$ 259,711	$ 285,380
Net Income/ (Loss) for the period before undernoted		$ (259,711)	$ (285,380)
Fair Value Adjustment of marketable securities	7	$ (44,196)	$ 23,000
Gain on sale of mining property	5	$ 162,153	$ -
Gain on sale of financial instruments		$ 29,425	$ -
Write-down of mining claims		$ (1,883,897)	$ -
Loss before income taxes		$ (1,996,226)	$ (262,380)
Deferred income tax (recovery)		$ -	$ 25,000
Net Income/ (Loss) and comprehensive income/ (loss)		$ (1,996,226)	$ (237,380)
Income/ (Loss) per share			
Basic		$ (0.03)	$ (0.00)
Diluted		$ (0.03)	$ (0.00)
Weighted average number of shares outstanding			
Basic	3	79,059,239	78,771,568
Diluted	3	79,059,239	78,771,568

Accompanying notes form an integral part of these financial statements.

Consolidated Statements of Cash Flows

(In Canadian dollars)

	For the Twelve months ended			
		May 31, 2012		May 31, 2011
Cash provided by (used in):				
Operating activities:				
Loss for the year	$	(1,996,226)	$	(237,380)
Add (deduct): Items not requiring an outlay of cash				
Accretion	$	-	$	22,927
Depreciation	$	3,457	$	4,321
Adjustment of fair value of marketable securities	$	44,196	$	(23,000)
Deferred income tax	$	-	$	(25,000)
Write-down of mining claims	$	1,883,897	$	-
Gain on sale of mineral property	$	(162,153)	$	-
Gain on sale of marketable securities	$	(29,425)	$	-
Changes in non - cash operating working capital:				
Amounts receivable	$	53,948	$	4,714
Interest expense	$	(4,110)	$	-
Accounts payable	$	(22,176)	$	108,514
	$	(228,592)	$	(144,904)
Investing activities:				
Purchase of marketable securities	$	(56,531)	$	-
Expenditures on mining properties	$	(60,452)	$	(576,896)
Proceeds on sale of marketable securities	$	408,111	$	-
	$	291,128	$	(576,896)
Financing activities:				
Debt settlement	$	(100,000)	$	-
Issuance of capital stock	$	-	$	89,720
Cash held for future exploration	$	75,506	$	419,900
	$	(24,494)	$	509,620
Increase (decrease) in cash and cash equivalents	$	38,042	$	(212,180)
Cash and cash equivalents, beginning of period	$	-	$	212,180
Cash and cash equivalents, end of period	$	38,042	$	-
Supplemental cash flow information:				
Non cash flow investing and financing activities:			$	-
Marketable securities received on sale of mining claims	$	303,150	$	-
Cash paid for:				
Income taxes	$	-	$	-
Interest	$	30,717	$	13,342

Accompanying notes form an integral part of these financial statements.

Consolidated Statements of Shareholders' Equity

(In Canadian dollars)

	Number of shares	Stated Capital	Contributed Surplus and Warrants	Total Capital	Retained Earnings (Deficit)	Total
Balance, June 1, 2010	77,059,239	$ 14,710,546	$ 582,860	$ 15,293,406	$ (12,608,975)	$ 2,684,431
Net Income After Tax				$ -	$ (237,380)	$ (237,380)
Common shares	2,000,000	$ 36,920	$ 27,800	$ 64,720	$ -	$ 64,720
Balance, May 31, 2011	**79,059,239**	**$ 14,747,466**	**$ 610,660**	**$ 15,358,126**	**$ (12,846,355)**	**$ 2,511,771**
Net Income After Tax		$ -	$ -	$ -	$ (1,996,226)	$ (1,996,226)
Balance, May 31, 2012	**79,059,239**	**$ 14,747,466**	**$ 610,660**	**$ 15,358,126**	**$ (14,842,581)**	**$ 515,545**

Accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. Nature of Operations and going concern

Richmond Minerals Inc. (the "Company") was incorporated under the laws of the Province of Ontario and is listed on the TSX Venture Exchange under symbol (RMD). The Company's head office and primary place of business is located at 133 Richmond Street West, Suite 403, Toronto, ON, CA, M5H 2L3.

These consolidated financial statements of the Company were authorized for issue in accordance with a resolution of the directors on September 26, 2012.

The Company is engaged in base and precious metal mining and related activities, including exploration and development in Northern Ontario and Quebec. The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, under which material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern must be disclosed. As at May 31, 2012, the Company has not achieved profitable operations and continues to be dependent upon its ability to obtain sufficient working capital from external financing to meet the Company's liabilities as they become payable. The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities is dependent on the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to fund its operations, and the future production or proceeds from developed properties. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in these consolidated financial statements.

2. Statement of Compliance

These consolidated financial statements represent the first annual financial statements of the Company and its subsidiaries prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and effective as of May 31, 2012. The Company adopted IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards. The first date at which IFRS was applied was June 1, 2010. In accordance with IFRS, the Company has:

- provided comparative financial information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied all effective IFRS standards as of June 1, 2010, as required; and
- applied certain optional exemptions and certain mandatory exceptions as applicable for first time IFRS adopters.

The Company's consolidated financial statements were previously prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). Canadian GAAP differs in some areas from IFRS. In preparing these financial statements, management has amended certain accounting, measurement and consolidation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. Note 13 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive income along with line-by-line reconciliations of the statement of financial position as at May 31, 2010 and May 31, 2011 and the income statement and statement of comprehensive income for the year ended May 31, 2011.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets which are recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Notes to the Consolidated Financial Statements

3. Significant Accounting Policies

The below-described accounting policies have been applied to all of the periods presented in these consolidated financial statements. These policies are the published IFRS accounting policies and the current issued and adopted interpretations applied to fiscal years beginning on or after January 1, 2012.

(i) Basis of Preparation

The consolidated financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements.*

The Company has elected to present the 'Statement of Comprehensive Loss' as a single financial statement with its Statement of Income, titled 'Consolidated Statement of Comprehensive Loss'.

In its first IFRS financial statements, in accordance with IFRS 1, the Company will present three balance sheet periods, two periods in its Statement of Comprehensive Loss, two periods of Statements of Cash Flows and two periods in the Statements of Changes in Equity as well as related notes, including comparative information.

(ii) Basis of consolidation

The consolidated financial statements incorporate the Company's accounts and proportionally consolidated interest in the Fort Chimo joint venture. The Company does not have any subsidiaries.

(iii) Foreign currency

The Company's presentation currency is the Canadian Dollar ("CAD"). The functional currency of the Company and the Fort Chimo Joint Venture is the Canadian Dollar.

Monetary assets and liabilities that are denominated in a currency other than the Company's functional currency are translated using the exchange rate in effect on the reporting date, whereas non-monetary items are translated using historical exchange rates. Expenses, if any, are translated at the exchange rate in effect on the transaction date. Exchange differences, if any, are recognized in profit or loss in the period in which they arise in other gains/losses.

(iv) Cash and cash equivalents

The cash and cash equivalents item includes cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant.

(v) Interest income

Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on the basis of time that has passed, by reference to the principal outstanding and at the effective interest rate applicable.

(vi) 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. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 6(ii) below.

The fair value determined at the grant date of the equity-settled share-based payments is expensed to the Consolidated Statement of Comprehensive Loss over the vesting period, if any, which is the period during which the employee becomes unconditionally entitled to equity instruments. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest, if any.

Notes to the Consolidated Financial Statements

Note 3(vi) – Share-based payments Continued

Equity-settled share-based payment transactions with parties other than employees, if any, 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.

Share-based payments for goods and services are expensed to the consolidated Statement of Comprehensive Loss when they occur over the vesting period, if they do not vest immediately.

(vii) Income taxes and deferred taxes

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense or benefit is recognized in the consolidated Statement of Comprehensive Loss except to the extent it relates to a business combination or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Taxable profit or loss differs from profit or loss as reported in the consolidated Statement of Comprehensive Loss 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 or recovery for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

Notes to the Consolidated Financial Statements

Note 3 (vii) – Income taxes and deferred taxes Continued

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

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly into equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

(viii) Mineral properties and exploration and evaluation ("E&E") costs

Exploration and evaluation (E&E) costs are those costs required to find a mineral property and determine commercial viability. E&E costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves.

Exploration and evaluation costs consist of:

- gathering exploration data through topographical and geological studies;
- exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting engineering, marketing and financial studies.

  Project costs in relation to these activities are capitalized as Exploration and Evaluation assets until such time as the Company expects that the decision is made to develop a mine to extract the mineral reserves within a reasonable period. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement. Once the decision to develop the mine is made, and subject to an impairment analysis, capitalized exploration and evaluation costs are transferred to capitalized costs within property, plant and equipment or intangible assets, as appropriate. The decision to develop a mine may be impacted by management's assessment of legal, environmental, social and governmental factors.

E&E assets are are recorded and measured at initial recognition at cost and are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount of the asset.

(ix) Property and equipment

Property and equipment are recorded and measured at initial recognition at cost. Amortization is provided on items of property and equipment so as to write off their carrying value over their expected useful economic lives. Amortization is calculated at 20% declining balance.

(x) Impairment of non-financial assets other than goodwill

The carrying value of the Company's capitalized E&E assets is assessed for impairment when indicators of such impairment exist. Plant and equipment and intangible assets are assessed for impairment at the end of each reporting period. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the Consolidated Financial Statements

Note 3 (x) – Impairment Continued

Impairment is determined on an asset by asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, then impairment can be considered on the basis of a cash generating unit ("CGU"). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or Company's other group of assets. The Company has determined that it operates one CGU.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged immediately to the consolidated Statement of Comprehensive Loss so as to reduce the carrying amount to its recoverable amount. Impairment losses related to continuing operations are recognized in the Statement of Comprehensive Loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and indefinite life intangibles, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement. Impairment losses recognized in relation to goodwill or indefinite life intangibles are not reversed for subsequent increases in its recoverable amount.

(xi) Financial instruments

Financial instruments are classified into one of the following four categories: loans and receivables; fair value through profit or loss; held-to-maturity; and available-for-sale. Financial assets are initially measured at fair value. Subsequent measurement and recognition of the changes in fair value of financial instruments depends upon their initial classifications, as follows:

- Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the consolidated Statement of Comprehensive Loss.

- Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized as Other Comprehensive Income ("OCI") in the Statement of Comprehensive Loss, except when there is objective evidence that the asset is impaired, at which point the cumulative loss is recognized within the consolidated Statement of Comprehensive Loss.

- Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method.

- Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a short period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

Note 3 (xi) – Financial instruments Continued

The Company measures its financial assets and financial liabilities initially at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company has classified its financial instruments as follows:

Asset/ Liability	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Marketable securities	Fair value through profit or loss	Fair Value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Loan Payable	Other liabilities	Amortized cost

The Company had no held-to-maturity or available-for-sale financial as at May 31, 2012, May 31, 2011 and June 1, 2010.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset is impaired. Impairments are measured as the excess of the carrying amount over the fair value and are recognized in the income statement.

The market values of investments are determined based on the closing prices reported on recognized securities exchanges and over-the-counter markets. Such individual market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations.

The fair values of the Company's cash and cash equivalents, amounts receivable and accounts payable approximate their carrying values because of the immediate or short-term to maturity of these financial instruments.

(xii) Fair Value Hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(xiii) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, if it is probable that the Company will be required to settle the obligation, and if a reliable estimate of the obligation amount can be made.

Notes to the Consolidated Financial Statements

Note 3 (xiii) – Provisions Continued

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties related to the obligation. If the effect of the time value of money is material, the provisions are measured at their present value.

The Company does not have any provisions as of the date of this report.

(xiv) Loss per share

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

Diluted earnings 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.

Shares issuable on exercise of stock options and warrants totaling 2,790,000 on May 31, 2012 (19,995,000 in May 31, 2011; 23,894,000 in June 1, 2010) was not included in the computation of diluted loss per share because the effect would have been anti-dilutive.

(xv) Government grants

Government grants related to assets, including investment tax credits, are recognized in the consolidated statement of financial position as a deduction from the carrying amount of the related asset. They are then recognized in profit or loss over the useful life of the depreciable asset that the grants were used to acquire, as a deduction from the depreciation expense.

Other government grants are recognized in profit or loss as a deduction from the related expense.

(xvi) Flow-through shares

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed pro-rata as expenditures are made and are recorded in the statement of loss and comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period.

(xvii) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are unlikely possible obligations or assets resulting from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets and contingent liabilities, if any, are disclosed in the notes under the “Commitments and Contingencies” heading.

Notes to the Consolidated Financial Statements

Note 3 – Significant Accounting Policies Continued

(xviii) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, as soon as the obligation to incur such costs arises.

Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit- of-production or the straight-line method as appropriate.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Corporation has no material restoration, rehabilitation and environmental costs as at May 31, 2012, May 31, 2011 and June 1, 2010 as the disturbance to date is minimal.

(xix) Accounting judgments and sources of estimation uncertainty

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment when applying accounting policies and relies on assumptions and estimates that affect the amounts of the assets, liabilities and expenses reported in these consolidated financial statements and on the contingent liability and contingent asset information provided. The actual results of items subject to assumptions and estimates may differ from these assumptions and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

a) Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

b) Share-based payment transactions

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 6.

c) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

d) Restoration rehabilitation and environmental obligations

Management's assumption of no material restoration, rehabilitation and environmental obligations is based on facts and circumstances, which may be open to interpretation, that existed during the period.

Notes to the Consolidated Financial Statements

4. Future Accounting Changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("**IFRIC**") that are mandatory for accounting periods beginning on or after January 1, 2013. The standards impacted that are applicable to the Company are as follows:

i. **IFRS 9, 'Financial Instruments'** was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company is currently assessing the impact of this standard and does not plan on early adopting.

ii. In May 2011, the IASB issued the following standards which have not yet been adopted by the Company IFRS 10, Financial Statements ("IFRS 10"), IFRS 11, Joint Arrangements ("IFRS 11"), IFRS 12, Disclosure of Interest in Other Entities ("IFRS 12") and IFRS 13, Fair Value Measurement ("IFRS 13"). Each of these new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standards will have on its financial statements and annual financial statements or whether to early adopt any of the new requirements.

- **IFRS 10** requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standing Interpretations Committee ("SIC")-1212 Consolidation - Special Purpose Entities and parts of IAS 27 and Separate Financial Statements.

- **IFRS 11** requires a venture to classify its interest in a joint arrangement as a joint venture or joint operations. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operations.

  Under existing IFRS, entities have the choice between proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Ventures.

- **IFRS 12** establishes disclosure requirements for interest in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities.

- **IFRS 13** is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value

Notes to the Condensed Consolidated Financial Statements

Note 4 - Future Accounting Changes Continued

is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

iii. **Amendments to IAS 27 Consolidated and Separate Financial Statements**: This Amendment affects in particular the treatment of non-wholly-owned subsidiaries. Transactions which increase or decrease the interest in a subsidiary without altering control will no longer give rise to changes in the carrying value of the subsidiary's assets or liabilities (including its associated goodwill) and will not give rise to a gain or loss. Any difference between the consideration paid or received and the adjustment to the carrying value of the non-controlling interest will be recognized directly in equity. In addition, total comprehensive income must now be attributed to owners of the parent and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance. Previously, unfunded losses in such subsidiaries would be attributed entirely to the group. The Amendment does not require the restatement of previous transactions and has had no effect on the current financial year.

5. Mineral Properties

The following is a summary of the Company's exploration and evaluation properties:

	May 31, 2012	May 31, 2011	Jun 1, 2010
Opening balance	$ 2,532,635	$ 1,955,739	$ 2,191,573
Current period deferred expenditures	$ 60,452	$ 586,896	$ 104,855
Option property payments received	$ -	$ (10,000)	$ (35,000)
Mining duty tax recovery	$ -	$ -	$ (305,689)
Sale of land	$ (167,997)	$ -	$ -
Write-down of mining claims	$ (1,883,897)	$ -	$ -
Balance end of period	$ 541,193	$ 2,532,635	$ 1,955,739

Represented by:

	May 31, 2012	May 31, 2011	Jun 1, 2010
Swayze Area, Porcupine Mining (a)	$ 1	$ 1	$ 1
Lac Colombet, Quebec	$ 361,654	$ 344,687	$ 354,687
Guibord Township, Highway 101 (b)	$ 0	$ 147,277	$ 142,277
Fort Chimo, net of recoveries (c)	$ 403,712	$ 2,264,844	$ 1,458,773
Triple Lake	$ 1	$ 1	$ 1
Mining duty tax recovery	$ (224,175)	$ (224,175)	$ -
	$ 541,193	$ 2,532,635	$ 1,955,739

(a) The Corporation holds a 100% interest in a group of 115 contiguous unpatented mining claims and a 50% interest in 35 claims located in the Swayze Area, Porcupine Mining Division, Ontario. In 2006, these claims were written down to a nominal amount as a legal claim remains outstanding.

(b) On September 13, 2011, the Company announced that an agreement had been reached with Lake Shore Gold Corp. to sell its 100% ownership interest in the Highway 101 Property located in Guibord Township, Ontario. As part of the agreement, Vendome Resources Corp. agreed to cancel its August 2009 earn-in agreement with Richmond. The terms of the arrangement were: Lake Shore issued to Richmond 232,500 common shares of Lake Shore and 116,250 Lake Shore purchase warrants; Lake Shore issued to Vendome

Notes to the Condensed Consolidated Financial Statements

Note 5 - Mineral Properties Continued

67,500 common shares of Lake Shore and 33,750 Lake Shore purchase warrants. The terms of the warrants were as follows: each warrant allows the warrant holder to purchase one common share of Lake Shore at a price of $3.00 for a 2 year period following the closing date of the Highway 101 property.

The 1st anniversary payment of 200,000 common shares of Vendome to Richmond as set out in the earn-in agreement between Richmond and Vendome was cancelled. The purchase agreement was closed on October 8, 2011. The Lakeshore stock was sold during the year.

(c) On February 12, 2010 the Corporation announced the execution of a letter agreement with Mag Copper Inc. (formerly Fort Chimo Minerals Inc. ("MagCopper") whereby, pursuant to an Option Agreement dated May 6, 2006 as amended by letter agreement dated October 3, 2008, the Corporation has earned a 50% undivided right, title and interest in the Grenville Project properties consisting of three separate properties in the Grenville geological region of the Province of Quebec (the "Agreement"). The Agreement was reached as a result of Richmond's completion of a $2,000,000 exploration expenditure requirement and the issue of 1,000,000 common shares to MagCopper. At May 31, 2012, 112 claims were in good standing.

On February 23, 2010, the Corporation received 40,000 common shares of MagCopper (after a 5 to 1 consolidation) in settlement of certain shared expenses in excess of the $2,000,000 exploration expenditure requirement to earn the 50% interest in the joint venture. One of the directors and officers of the Corporation was also a director of MagCopper Inc. until September 9, 2011.

6. Shareholders' Equity

(i) Share capital and contributed surplus

Issued and outstanding common shares and warrants consist of the following:

	May 31, 2012	May 31, 2011
Shares issued and fully paid:		
Beginning of the year	79,059,239	77,059,239
Share issue	-	2,000,000
Shares issued and fully paid	79,059,239	79,059,239

For each class of share capital:	
The number of shares authorized	Unlimited
The number of shares issued and fully paid	79,059,239
The number of shares issued but not fully paid	0
Par value per share, or that the shares have no par value	no par value

(ii) Stock Options

The Company's Stock Option Plan ("the "Plan") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Company's common shares on the date of the grant to directors, officers, employees and consultants to the Company. The option period for options granted under the Plan is for a maximum period of 5 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

Notes to the Condensed Consolidated Financial Statements

Note 6 –Shareholders' Equity Continued

The following table summarizes information about the stock options outstanding and exercisable:

	May 31, 2012		May 31, 2011	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	5,590,000	$ 0.10	5,966,000	$ 0.10
Expired during the period	- 2,800,000	$ 0.10	- 376,000	$ 0.11
Balance at end of period	**2,790,000**	**$ 0.10**	**5,590,000**	**$ 0.10**
Units exercisable at the end of the period	**2,790,000**	**$ 0.10**	**5,590,000**	**$ 0.10**

The fair value of the stock options granted has been estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	May 31, 2012	May 31, 2011
Weighted average share price	N/A	$ 0.10
Exercise price	N/A	$ 0.10
Expected volatility	N/A	170%
Expected option life	N/A	2 - 5 years
Expected dividend yield	N/A	0%
Risk-free interest rate	N/A	1.33 - 2.56%

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of the Company's shares.

The following table summarizes share units outstanding at the end of period:

	May 31, 2012		May 31, 2011	
	The range of exercise prices	weighted average remaining contractual life	The range of exercise prices	weighted average remaining contractual life
Share options outstanding at the end of the period:	0.10	1.43	0.10	2.37

The Company has not recognized any expense for share based payment in May 31, 2012 and May 31, 2011 Consolidated Statements of Comprehensive Income.

Notes to the Consolidated Financial Statements

Note 6 –Shareholders' Equity Continued

(iii) Warrants

The following is a summary of warrants outstanding:

	May 31, 2012		May 31, 2011	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	14,405,000	$ 0.14	18,305,000	$ 0.13
Issued	0	$ -	2,000,000	$ 0.15
Expired during the period	-14,405,000	$ 0.10	-5,900,000	$ 0.12
Balance at end of period	**-**	**$ -**	**14,405,000**	**$ 0.14**

7. Financial Instruments

Financial Instruments details can be summarized as follows:

	Balance as at	
	May 31, 2012	May 31, 2011
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 38,042	$ -
Interest and sundry receivables	$ 20,913	$ 75,396
	$ 58,956	$ 75,396
Fair Value Through Profit or Loss		
Marketable Securities	$ 23,800	$ 60,000
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable and accrued liabilities	$ 122,232	$ 149,052
Convertible Debenture	$ -	$ 100,000
	$ 122,232	$ 249,052

Cash and cash equivalents are comprised of bank deposits.

The Company's interest income on short-term investment carried at amortized cost is presented on the Statement of Comprehensive Loss in the Interest Income line.

The Company's marketable securities consist of the following financial instruments at May 31, 2012:

	# of shares	Fair Value
Mag Copper Ltd.	40,000	$ 2,200
Guyana Goldfields Inc.	10,000	$ 21,600
		$ 23,800

Notes to the Consolidated Financial Statements

8. Financial Instruments Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is not exposed to credit risk due to the nature of the collectible accounts.

On May 31, 2012, May 31, 2011 and June 1, 2010, the Company does not have any allowance for doubtful accounts.

Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to amounts receivable. The Company considers the risk of loss for its amounts receivable to be remote and significantly mitigated due to the financial strength of the party from whom the receivables are due - the Canadian government for harmonized sales tax ("HST") refunds receivable.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. 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 debt or equity financing. It is anticipated that the Company will continue to rely on debt or equity financing to meet its ongoing working capital requirements.

Market risk

The Company's marketable securities are classified as fair value through profit or loss, and are subject to changes in the market prices. They are recorded at fair value in the Company's financial statements, based on the closing market value at the end of the period for each security included. The Company's exposure to market risk is not considered to be material.

Interest rate sensitivity

The Company has no significant exposure at May 31, 2012 and May 31, 2011 to interest rate risk through its financial instruments as there are no significant balances payable, which accrue interest.

Notes to the Consolidated Financial Statements

9. Related Party Transactions

The Company's related parties include its subsidiaries, joint venture, key management and their close family members, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The Company had the following balances with its elated parties:

	May 31, 2012		May 31, 2011	
	Key Management Personnel	JV and other	Key Management Personnel	JV and other
Received from joint venture	$ -	$ 75,000	$ -	$ -
Management fees and termination benefits	$ 59,142	$ -	$ 177,900	$ -
Rent expense	$ -	$ 21,657	$ -	
Receivable from joint venture	$ -	$ 8,150	$ -	$ 62,678
Payable to a former director or officer	$ 13,900	$ -	$ 33,900	$ -
	$ 73,042	**$ 104,806**	**$ 211,800**	**$ 62,678**

The short term loan in the amount of $200,000 which was received during the year and repaid during the year along with interest of $25,000 was received from an individual who is a shareholder and is related to a member of key management personnel of the Company.

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Company and joint ventures. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

The remuneration of directors and other members of key management personnel were as follows:

	May 31, 2012	May 31, 2011
Short-term employee benefits	$ 59,142	$ 144,000
Termination benefits	$ -	$ 33,900
	$ 59,142	**$ 177,900**

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.

10. Capital Management

The Company considers its capital structure to consist of share capital, contributed surplus, options and warrants. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of mineral properties. 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.

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 May 31, 2012. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements

Note 10 – Capital Management Continued

The Company's capital for the reporting periods is summarized as follows:

	May 31, 2012	May 31, 2011	Jun 1, 2010
Cash	$ 38,042	$ -	$ 212,180
Marketable Securities	$ 23,800	$ 60,000	$ 37,000
Common Shares	$ 14,747,466	$ 14,747,466	$ 14,710,546
Contributed surplus	$ 610,660	$ 610,660	$ 582,860
Deficit	$ (14,842,581)	$ (12,846,355)	$ (12,608,975)
	$ 577,387	**$ 2,571,771**	**$ 2,933,611**

11. Income Taxes

The Corporation's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 27.25% (2011 – 30.0%) to the net loss for the year. The reason for the difference is as follows:

	2012	2011
Loss before income taxes	$ (1,996,226)	$ (262,380)
Recovery of income taxes based on statutory rate	(543,975)	(78,714)
Net adjustment for:		
Depreciation	942	1,296
Expiration of warrants	29,130	23,595
Marketable securities	4,025	6,900
Write down of mineral properties	469,180	- - -
Non-deductible items for tax purposes	- - -	648
Share issuance costs	(6,140)	(6,155)
Taxes	(46,838)	(52,430)
Losses recognized	- - -	- - -
Valuation allowance	46,838	27,430
Income taxes provision	$ - - -	$ (25,000)

The Corporation's future income tax asset, computed by applying a future federal and provincial statutory rate of 25%, comprises the following:

Fiscal	2012	2011
Net operating losses carried forward	$ 256,000	$ 242,460
Resource properties, deferred costs and equipment	991,000	270,906
Net future tax assets	1,247,000	514,366
Valuation allowance	(1,247,000)	(514,366)
Future income tax asset	$ - - -	$ - - -

Notes to the Consolidated Financial Statements

Note 11 – Income Taxes Continued

At May 31, 2012, the Corporation has a non-capital loss of $994,327 (2011 - $822,027) available for carry-forward which has not been recognized in these financial statements. These losses expire, if unused, as follows:

Year	Amount
2014	$ 55,340
2015	169,621
2026	264,225
2027	262,042
2030	30,849
2031	39,950
2032	172,000
	$ 994,327

In addition, the Corporation has approximately 3,964,000 in Canadian Exploration Expenditures ("CEE") and $509,000 in Canadian Development Expenditures ("**CDE**"), which may be applied against certain profit realized on its mining properties. The potential benefit of these tax pools have not been recognized within these financial statements.

12. Post-reporting date events

No significant transactions took place during the post-reporting period.

13. Transition to IFRS

As stated in Significant Accounting Policies note 3, these consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing these consolidated financial statements for the twelve-month period ended May 31, 2012, comparative twelve- month period ended May 31, 2011 and in the preparation of an opening IFRS balance sheet at June 1, 2010 (the company's date of transition).

Initial elections upon adoption
Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the Company's conversion from Canadian GAAP to IFRS.

(i) IFRS Exemption Options

1. 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 only to equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

2. The Company has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement contains a lease.

3. Financial assets and liabilities that had been de-recognized before June 1, 2010 under previous GAAP have not been recognized under IFRS.

Notes to the Consolidated Financial Statements

Note 13 – Transition to IFRS Continued

4. The Company has elected to take an election to apply a transitional provision available for borrowing costs and therefore IAS 23, *Borrowing Costs* will be applied from June 1, 2010.

(ii) IFRS Mandatory Exceptions

1. Estimates - Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income or loss and cash flows for prior periods. The changes made to the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Loss have resulted in reclassifications of various amounts on the Consolidated Statements of Cash Flow, however, as there have been no changes to the net cash flows, no reconciliations have been presented.

Reconciliation of Equity		**May 31, 2011**		**Jun 1, 2010**
Shareholder's Equity under Canadian GAAP:	$	2,511,771	$	2,684,431
IFRS adjustments	$	-	$	-
Total Equity under IFRS	**$**	**2,511,771**	**$**	**2,684,431**

Reconciliation of comprehensive income		**May 31, 2011**
Comprehensive loss under Canadian GAAP	$	(237,380)
IFRS adjustments	$	-
Comprehensive income under IFRS	**$**	**(237,380)**

Notes to the Consolidated Financial Statements

Note 13 – Transition to IFRS Continued

Reconciliation of Consolidated Statements of Financial Position as of June 1, 2010:

	Canadian GAAP May 31, 2010	IFRS Adjustments	IFRS Jun 1, 2010
ASSETS			
Current			
Cash and equivalents	$ 212,180	$ -	$ 212,180
Cash held for future exploration	$ 495,406	$ -	$ 495,406
Marketable securities	$ 37,000	$ -	$ 37,000
Interest and sundry receivables	$ 80,110	$ -	$ 80,110
	$ 824,696	$ -	$ 824,696
Non-current			
Property, plant and equipment	$ 21,607	$ -	$ 21,607
Mineral Properties	$ 1,955,739	$ -	$ 1,955,739
	$ 1,977,346	$ -	$ 1,977,346
	$ 2,802,042	$ -	$ 2,802,042
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 40,538	$ -	$ 40,538
Convertible Debentures	$ 77,073	$ -	$ 77,073
	$ 117,611	$ -	$ 117,611
SHAREHOLDERS' EQUITY			
Stated capital	$ 14,710,546	$ -	$ 14,710,546
Contributed surplus	$ 582,860	$ -	$ 582,860
Deficit	$ (12,608,975)	$ -	$ (12,608,975)
	$ 2,684,431	$ -	$ 2,684,431
	$ 2,802,042	$ -	$ 2,802,042

Notes to the Consolidated Financial Statements

Note 13 – Transition to IFRS Continued

The following is a reconciliation of the Consolidated Statements of Financial Position as of May 31, 2011:

	Canadian GAAP May 31, 2011	IFRS Adjustments	IFRS May 31, 2011
ASSETS			
Current			
Cash and equivalents	$ -	$ -	$ -
Cash held for future exploration	$ 75,506	$ -	$ 75,506
Marketable securities	$ 60,000	$ -	$ 60,000
Interest and sundry receivables	$ 75,396	$ -	$ 75,396
	$ 210,902	$ -	$ 210,902
Non-current			
Property, plant and equipment	$ 17,286	$ -	$ 17,286
Mineral Properties	$ 2,532,635	$ -	$ 2,532,635
	$ 2,549,921		$ 1,977,346
	$ 2,760,823	$ -	$ 2,760,823
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 149,052	$ -	$ 149,052
Convertible Debentures	$ 100,000	$ -	$ 100,000
Flow-through liability	$ -	$ -	$ -
	$ 249,052	$ -	$ 249,052
SHAREHOLDERS' EQUITY			
Stated capital	$ 14,747,466	$ -	$ 14,747,466
Convertible debenture - equity component	$ -	$ -	$ -
Contributed surplus	$ 610,660	$ -	$ 610,660
Deficit	$ (12,846,355)	$ -	$ (12,846,355)
	$ 2,511,771	$ -	$ 2,511,771
	$ 2,760,823	$ -	$ 2,760,823

Notes to the Consolidated Financial Statements

Note 13 – Transition to IFRS Continued

The following is a reconciliation of Consolidated Statements of Comprehensive Loss for twelve-months ended May 31, 2011:

	Canadian GAAP Year ended May 31, 2011	IFRS Adjustments	IFRS Year ended May 31, 2011
Revenues	$ -	$ -	$ -
Expenses			
Administrative and general	$ 42,160	$ -	$ 42,160
Consulting fees	$ 52,979	$ -	$ 52,979
Interest and bank charges	$ -	$ -	$ -
Management fees	$ 89,624	$ -	$ 89,624
Marketing expenditures	$ 8,241	$ -	$ 8,241
Professional fees	$ 26,144	$ -	$ 26,144
Regulatory fees	$ 25,646	$ -	$ 25,646
Stock-based compensation	$ -	$ -	$ -
Amortization expense	$ 4,321	$ -	$ 4,321
Convertible debenture interest accretion	$ 36,269	$ -	$ 36,269
Interest income	$ (4)	$ -	$ (4)
FV Adjustment of marketable securities	$ (23,000)	$ -	$ (23,000)
Income Tax Expense (flow-through)	$ -	$ -	$ -
	$ 262,380	$ -	$ 262,380
Loss before income taxes	$ (262,380)	$ -	$ (262,380)
Deferred income tax recovery	$ 25,000	$ -	$ 25,000
Net loss and comprehensive loss	$ (237,380)	$ -	$ (237,380)
Basic and diluted loss per share	$ (0.00)		$ (0.00)
Weighted average number of shares outstanding basic and diluted	78,771,568		78,771,568

Notes to the Consolidated Financial Statements

Note 13 – Transition to IFRS Continued

The following is a reconciliation of Consolidated Statement of Cash Flows for May 31, 2011:

	Canadian GAAP Year ended May 31, 2011	IFRS Adjustments	IFRS Year ended May 31, 2011
Cash provided by (used in):			
Operating activities:			
Loss for the year	$ (237,380)	$ -	$ (237,380)
Add (deduct): Items not requiring an outlay of cash			
Accretion	$ 22,927	$ -	$ 22,927
Depreciation	$ 4,321	$ -	$ 4,321
Adjustment of fair value of marketable securities	$ (23,000)	$ -	$ (23,000)
Deferred income tax	$ (25,000)	$ -	$ (25,000)
Changes in non - cash operating working capital:			
Amounts receivable	$ 4,714	$ -	$ 4,714
Accounts payable	$ 108,514	$ -	$ 108,514
	$ (144,904)	$ -	$ (144,904)
Investing activities:			
Investment in mining properties	$ (576,896)	$ -	$ (576,896)
	$ (576,896)	$ -	$ (576,896)
Financing activities:			
Issuance of capital stock	$ 89,720	$ -	$ 89,720
Cash held for future exploration	$ 419,900	$ -	$ 419,900
	$ 509,620	$ -	$ 509,620
Increase (decrease) in cash and cash equivalents	$ (212,180)	$ -	$ (212,180)
Cash and cash equivalents, beginning of period	$ 212,180	$ -	$ 212,180
Cash and cash equivalents, end of period	$ -	$ -	$ -