RICHMOND MINERALS INC.

INTERIM UNAUDITED FINANCIAL STATEMENTS

THIRD QUARTER ENDED FEBRUARY 29, 2012

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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Condensed Consolidated Statements of Financial Position

(In Canadian dollars)
(unaudited)

As at:	Note	Feb 29, 2012	May 31, 2011	Jun 1, 2010
ASSETS				
Current				
Cash and equivalents	8	$ 247,842	$ -	$ 212,180
Cash held for future exploration		$ -	$ 75,506	$ 495,406
Marketable securities	8	$ 158,400	$ 60,000	$ 37,000
Interest and sundry receivables	8	$ 25,655	$ 75,396	$ 80,110
Deposits and prepaid expenses		$ 7,850		
		$ 439,747	$ 210,902	$ 824,696
Non-current				
Property, plant and equipment		$ 14,693	$ 17,286	$ 21,607
Mineral Properties	5	$ 2,425,222	$ 2,532,635	$ 1,955,739
		$ 2,439,915	$ 2,549,921	$ 1,977,346
		$ 2,879,662	$ 2,760,823	$ 2,802,042
LIABILITIES				
Current				
Accounts payable and accrued liabilities	8	$ 119,502	$ 149,052	$ 40,538
Loan Payable	6	$ 219,609	$ -	$ -
Convertible Debentures		$ -	$ 100,000	$ 77,073
Flow-through liability	3 (xv)	$ -	$ -	$ 92,997
		$ 339,111	$ 249,052	$ 210,608
SHAREHOLDERS' EQUITY				
Stated capital	7	$ 14,747,466	$ 14,747,466	$ 14,710,546
Contributed surplus	7	$ 475,172	$ 475,172	$ 355,477
Deficit		$ (12,682,087)	$ (12,710,867)	$ (12,474,589)
		$ 2,540,551	$ 2,511,771	$ 2,591,434
		$ 2,879,662	$ 2,760,823	$ 2,802,042

/s/ Franz Kozich
Director

/s/ Andrew McQuire
Director

Accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Comprehensive Loss

(In Canadian dollars)
(unaudited)

	Note	For the Three months ended Feb 29, 2012	For the Three months ended Feb 28, 2011	For the Nine months ended Feb 29, 2012	For the Nine months ended Feb 28, 2011
Revenues					
Other income		$ -	$ 18,456		$ 34,364
Expenses					
Administrative and general		$ 10,166	$ 27,828	$ 45,423	$ 75,093
Consulting fees		$ 15,343	$ 12,059	$ 41,711	$ 49,004
Interest and bank charges		$ 4,740	$ 3,398	$ 5,412	$ 8,412
Management fees		$ 5,000	$ 15,000	$ 7,500	$ 45,000
Marketing expenditures		$ -	$ -	$ -	$ -
Professional fees		$ -	$ 260	$ 41,867	$ 13,894
Regulatory fees		$ 11,730	$ 11,021	$ 19,366	$ 18,704
Share-based payment	3 (vi), 7	$ -	$ 18,217	$ -	$ 91,895
Amortization expense		$ 864	$ 975	$ 2,593	$ 3,082
Interest accretion	6	$ 20,833	$ 8,455	$ 25,327	$ 25,365
Income Tax Expense		$ -	$ 52,068	$ 48,646	$ 84,225
		68,678	$ 149,281	237,843	$ 414,674
Net Income/ (Loss) for the period before undernoted		(68,678)	$ (130,825)	(237,843)	$ (380,310)
FV Adjustment of marketable securities	8	$ 40,955	$ 9,000	$ 55,825	$ 26,000
Gain/ (Loss) on sale of fixed assets		$ -	$ (15,598)	$ 162,153	$ (15,598)
Loss before income taxes		$ (27,723)	$ (137,423)	$ (19,865)	$ (369,908)
Deferred income tax (recovery)		$ -	$ 105,823	$ 48,646	$ 177,222
Net Income/ (Loss) and comprehensive income/ (loss)		$ (27,723)	$ (31,600)	$ 28,781	$ (192,687)
Income/ (Loss) per share					
Basic		$ (0.00)	$ (0.00)	$ 0.00	$ (0.00)
Diluted		$ (0.00)	$ (0.00)	$ 0.00	$ (0.00)
Weighted average number of shares outstanding					
Basic	3	79,059,239	$ 79,059,239	79,059,239	$ 78,311,986
Diluted	3	79,059,239	$ 79,059,239	81,849,239	$ 78,311,986

Accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Cash Flows

(In Canadian dollars)
(unaudited)

	For the Nine months ended Feb 29, 2012	For the Nine months ended Feb 28, 2011
Cash provided by (used in):		
Operating activities:		
Loss for the year	$28,781	($193,788)
Add (deduct): Items not requiring an outlay of cash		
Accretion		($822)
Depreciation	$2,593	$3,082
Adjustment of fair value of marketable securities	($98,400)	($26,000)
Loss on sale of fixed assets		$15,598
Changes in non - cash operating working capital:		
Deposits and prepaid expenses	$5,150	-
Amounts receivable	$26,584	$4,983
Interest expense	$16,724	$25,365
Income taxes payable/ receivable	-	($19,198)
Accounts payable	($8,410)	$71,237
	($26,978)	($119,543)
Investing activities:		
Investment in mining properties	$107,414	($499,876)
Mining duty recovery	-	($81,514)
Proceeds on sale of fixed assets	-	$1,500
	$107,414	($579,890)
Financing activities:		
Debt settlement	$91,900	-
Issuance of capital stock	-	$89,720
Cash held for future exploration	-	$413,576
	$91,900	503,296.00
Increase (decrease) in cash and cash equivalents	$172,336	($196,137)
Cash and cash equivalents, beginning of period	$75,506	$212,180
Cash and cash equivalents, end of period	$247,842	$16,043

Accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statements of Shareholders' Equity

(In Canadian dollars)
(unaudited)

	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	$ 355,477	$ 15,066,023	$ (12,474,589)	$ 2,591,434
Net Income After Tax				$ -	$ (192,687)	$ (192,687)
Common shares		$ 388,520	-	$ 388,520	-	$ 388,520
Share-based payment		-	$ (222,105)	$ (222,105)	-	$ (222,105)
Convertible debenture - equity component		-	$ 15,200	$ 15,200	-	$ 15,200
Total		$ 15,099,066	$ 148,572	$ 15,247,638	$ (12,667,275)	$ 2,580,363
Balance, Feb 28, 2011	**77,059,239**	**$ 15,099,066**	**$ 148,572**	**$ 15,247,638**	**$ (12,667,275)**	**$ 2,580,363**
Net Income After Tax		-	-	$ -	$ (43,592)	$ (43,592)
Issuance for cash	2,000,000	$ (316,320)	$ 27,800	$ (288,520)	-	$ (288,520)
Share issue costs		$ (35,280)	-	$ (35,280)	-	$ (35,280)
Share-based payment		-	$ 298,800	$ 298,800	-	$ 298,800
Total	2,000,000	$ (351,600)	$ 326,600	$ (25,000)	$ (43,592)	$ (68,592)
Balance, May 31, 2011	**79,059,239**	**$ 14,747,466**	**$ 475,172**	**$ 15,222,638**	**$ (12,710,867)**	**$ 2,511,771**
Net Income After Tax		-	-	$ -	$ 28,781	$ 28,781
Balance, Feb 29, 2012	**79,059,239**	**$ 14,747,466**	**$ 475,172**	**$ 15,222,638**	**$ (12,682,087)**	**$ 2,540,552**

Accompanying notes form an integral part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

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.

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 February 29, 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 interim unaudited 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 interim unaudited consolidated financial statements.

2. Statement of Compliance

The Company's interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They are the first interim condensed consolidated financial statements for the fiscal year covered by the first annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and IFRS 1 First-Time Adoption of International Financial Reporting Standards has been applied.

These interim condensed consolidated financial statements do not include all of the information required under IFRS for complete financial statements. They should therefore be read in conjunction with the Company's annual consolidated financial statements for the year ended May 31, 2011, prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP), which are available on the SEDAR website at www.sedar.com.

These financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of fair value through profit or loss assets and other financial assets and financial liabilities at fair value, with the offsetting adjustment recorded through profit or loss.

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

The transition from previous GAAP to IFRS had impacts on the Company's financial position, financial performance and cash flows. Explanations about these impacts are provided in Note 13.

The Board of Directors approved these interim condensed consolidated financial statements on April 30, 2012.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

3. Significant Accounting Policies

The below-described accounting policies have been applied to all of the periods presented in these interim condensed 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, 2011.

(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 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 7(ii) below.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 3(vi) – Share-based payments continued

The fair value determined at the grant date of the equity-settled share-based payments is expensed to the interim unaudited consolidated Statement of Comprehensive Loss on a straight-line basis 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.

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 interim unaudited consolidated Statement of Comprehensive Loss when they occur on a straight-line basis 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.

The Company will present income tax related financial tables in its May 31, 2012 complete set of Annual Financial Statements.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax 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.

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. 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 Condensed Consolidated Financial Statements

(unaudited)

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 Condensed Consolidated Financial Statements

(unaudited)

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 assets during the six months ended February 29, 2012, May 31, 2011 and February 28, 2011.

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) 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.

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.

(xiii) 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.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 3 (xiii) – Loss per share continued

Shares issuable on exercise of stock options and warrants totaling $2,790,000 on February 29, 2012 ($18,995,000 in May 31, 2011; 23,894,000 in February 28, 2011)) were not included in the computation of diluted loss per share because the effect would have been anti-dilutive.

(xiv) 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.

(xv) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Under the liability method of accounting for income taxes, the future income taxes relating to the temporary difference that will arise when the qualifying expenditures are incurred are recorded at the time of filing the renunciation with the tax authorities. The recognition of the future income tax liability will result in a corresponding reduction to the carrying value of the shares issued.

(xvi) 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.

(xvii) 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 interim condensed 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) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 3 (xviii) – (xvii) Accounting judgments and sources of estimation uncertainty continued

is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

c) 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 7.

d) 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.

4. Future Accounting Changes

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

The Company anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 7 *Disclosures – Transfers of Financial Assets* (effective from July 2, 2011)

The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for:

- financial assets that are not derecognized in their entirety; and
- financial assets that are derecognized in their entirety but for which the entity retains continuing involvement

The Company's preliminary assessment indicates that this amendment will not have a material impact on its financial statements.

IFRS 9 *Financial Instruments* (effective from January 1, 2013)

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 4 - Future Accounting Changes Continued

The Company has yet to assess the impact that this amendment is likely to have on its financial statements. However, The Company does not expect to implement the amendments until all chapters of IFRS 9 have been published and The Company can comprehensively assess the impact of all changes.

IFRS 10 Consolidated Financial Statements (effective from January 1, 2013)

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements, which establishes principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 provides a single consolidation model that identifies control as being the basis for consolidation. The new standard describes how to apply the principle of control to identify situations when a company controls another company and must therefore present consolidated financial statements. IFRS 10 also provides disclosure requirements for the presentation of consolidated financial statements. IFRS 10 cancels and replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*.

IFRS 11 *Joint Arrangements* (effective from January 1, 2013)

IFRS 11 replaces IAS 31 *Interests in joint ventures* and SIC 13 *Jointly controlled entities — non-monetary contributions*. It requires that all jointly controlled entities be accounted for using the equity method of accounting.

The Company is evaluating the impact that IFRS 11 will have on its consolidated financial statements.

IFRS 13 Fair Value Measurement (effective from January 1, 2013)

In May 2011, the IASB issued a guide to fair value measurement providing note disclosure requirements. The guide is set out in IFRS 13 *Fair Value Measurement*, and its objective is to provide a single framework for measuring fair value under IFRS. It does not provide additional opportunities to use fair value.

The Company is evaluating the impact that IFRS 13 will have on its consolidated financial statements.

5. Mineral Properties

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

	Feb 29, 2012	May 31, 2011	Feb 28, 2011	Jun 1, 2010
Opening balance	$ 2,532,635	$ 1,955,739	$ 1,955,739	$ 2,191,573
Current period deferred expenditures	$ 284,759	$ 586,896	$ 499,876	$ 104,855
Option property payments received	$ -	$ (10,000)	$ -	$ (35,000)
Mining duty tax recovery	$ (224,175)	$ -	$ 81,514	$ (305,689)
Sale of land	$ (167,997)	$ -	$ -	$ -
Balance end of period	$ 2,425,222	$ 2,532,635	$ 2,537,129	$ 1,955,739

Represented by:

Swayze Area, Porcupine Mining (a)	$ 1	$ 1	$ 1	$ 1
Lac Colombet, Quebec	$ 356,906	$ 344,687	$ 354,687	$ 354,687
Guibord Township, Highway 101 (b)	$ 0	$ 147,277	$ 142,277	$ 142,277
Fort Chimo, net of recoveries (c)	$ 2,292,489	$ 2,040,669	$ 2,040,163	$ 1,458,773
Triple Lake	$ 1	$ 1	$ 1	$ 1
Mining duty tax recovery	$ (224,175)	$ -	$ -	$ -
	$ 2,425,222	$ 2,532,635	$ 2,537,129	$ 1,955,739

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 5 - Mineral Properties Continued

(a) The Corporation holds a 100% interest in a group of 65 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 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. Lake Shore stock is restricted from trading until February 8, 2012.

(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 February 29, 2012, 112 claims were in good standing.

On February 23, 2010, the Corporation received 200,000 common shares of MagCopper (this is pre-consolidation of 5 for 1, and 40,000 common shares post 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. Loan Payable

On November 24, 2011, the Company received $200,000 in the form of a short term loan. The loan is secured by the 232,500 shares of Lake Shore Gold Corp. that Richmond owns. Additional loan terms require Richmond to re-pay the lender the $200,000 principal amount plus a $25,000 fee on or before March 30, 2012. Proceeds of the loan were used to retire the Company's outstanding $100,000 convertible debenture and for general corporate purposes. The fee is recognized over the term of the loan on a straight-line basis as an interest expense in the Consolidated Statement of Comprehensive Loss.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

7. Shareholders' Equity

(i) Share capital and contributed surplus

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

	Feb 29, 2012	May 31, 2011	Feb 28, 2011	Jun 1, 2010
Shares issued and fully paid:				
Beginning of the year	79,059,239	79,059,239	77,059,239	77,059,239
Share issue		-	2,000,000	-
Shares issued and fully paid	79,059,239	79,059,239	79,059,239	77,059,239

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.

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

	Feb 29, 2012		May 31, 2011		Feb 28, 2011	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	5,590,000	$ 0.10	5,590,000	$ 0.10	5,590,000	$ 0.10
Expired during the period	- 2,800,000	$ 0.10	-	$ -	-	$ -
Balance at end of period	**2,790,000**	**$ 0.10**	**5,590,000**	**$ 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**	**$ 5,590,000**	**$ 0.10**

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 7 –Shareholders' Equity Continued

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:

	Nine months ended Feb 29, 2012		As at May 31, 2011	Nine months ended Feb 28, 2011
Weighted average share price	N/A	$	0.10	0.03
Exercise price	N/A	$	0.10	0.10
Expected volatility	N/A		170%	170%
Expected option life	N/A		2 - 5 years	2 - 5 years
Expected dividend yield	N/A		0%	0%
Risk-free interest rate	N/A		1.33 - 2.56%	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:

	Feb 29, 2012		May 31, 2011		Feb 28, 2011		
	The range of exercise prices	weighted average remaining contractual life	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	0.84	0.10	2.37	$	0.10	1.47

Total expense recognized for share based payment were $0 in February 29, 2012 and $ 91,895 in February 28, 2011 Consolidated Statements of Comprehensive Income.

(iii) Warrants

The following is a summary of warrants outstanding:

	Feb 29, 2012			May 31, 2011			Feb 28, 2011		
	Number of units		Weighted average exercise price	Number of units		Weighted average exercise price	Number of units		Weighted average exercise price
Balance at beginning of period	13,405,000	$	0.13	18,305,000	$	0.13	18,305,000	$	0.13
Stock-based compensation	0	$	-	2,000,000	$	0.15	0	$	-
Expired during the period	(13,405,000)	$	0.10	(6,900,000)	$	0.14	0	$	-
Balance at end of period	**$ -**	**$**	**-**	**13,405,000**	**$**	**0.13**	**18,305,000**	**$**	**0.13**

Notes to the Condensed Consolidated Financial Statements

(unaudited)

8. Financial Instruments

Financial Instruments details can be summarized as follows:

	Balance as at			
	Feb 29, 2012	**May 31, 2011**	**Feb 28, 2011**	**Jun 1, 2010**
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 247,841.79	$ 75,506.00	$ 97,873.00	$ 707,586
Interest and sundry receivables	$ 25,655.49	$ 75,396.00	$ 94,325.00	$ 80,110
	$ 273,497.28	$ 150,902.00	$ 192,198.00	$ 787,696.00
Fair Value Through Profit or Loss				
Marketable Securities	$ 158,400.00	$ 60,000.00	$ 63,000.00	$ 37,000.00
Financial liabilities				
Financial liabilities measured at amortized cost				
Accounts payable and accrued liabilities	$ 119,502.05	$ 149,052.00	$ 105,569.00	$ 40,538.00
Convertible Debenture	$ -	$ 100,000.00	$ 93,216.00	$ 77,073.00
Loan Payable	$ 219,609.33			
	$ 339,111.38	$ 249,052.00	$ 198,785.00	$ 117,611.00

Cash and cash equivalents are comprised 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.

Company's marketable securities consist of the following financial instruments:

	# of shares	Fair Value
Mag Copper Ltd.	40,000	$ 4,400
Lake Shore Gold Corp.	100,000	$ 154,000

9. 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 February 29, 2012, May 31, 2011 and February 28, 2011, 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.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 9 – Financial Instruments Risk Management Continued

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 must still expense $27,440 in Canadian Exploration Expenditures as they have been renounced to investors.

The Company’s Loan Payable is payable on or before March 30, 2012, which is within next 6 months of operations.

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 financing. It is anticipated that the Company will continue to rely on equity financing to meet its ongoing working capital requirements.

Maturity of the Company’s liabilities can be summarized as follows:

	Remaining FY 2012	July 1, 2012 through June 30, 2017	Thereafter
Loan Payable Maturity	$ 219,609	$ -	$ -

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 February 29, 2012, May 31, 2011 and February 28, 2011 to interest rate risk through its financial instruments as the interest rate on the loan payable financial instrument is fixed.

10. 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.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 10 – Related Party Transactions Continued

The Company had the following balances with its elated parties:

	Feb 29, 2012		May 31, 2011		Feb 28, 2011	
	Key Management Personnel	JV and other	Key Management Personnel	JV	Key Management Personnel	JV and other
The amount of outstanding balances:						
Receivable	$ -	$ 12,567	$ -	$ 62,678	$ -	$ 62,678
Payable	$ -	$ 219,609	$ -	$ -	$ 2,433	$ -
	$ -	**$ 232,176**	**$ -**	**$ 62,678**	**$ 2,433**	**$ 62,678**

Amounts payable outstanding to related parties represent rent payable and a loan payable to the Company's related parties

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

	Feb 29, 2012	May 31, 2011	Feb 28, 2011
Short-term employee benefits	$ 15,000	$ 144,000	$ 36,000
Termination benefits	$ -	$ 33,900	$ -
Share-based payments	$ -	$ 55,056	$ -
	$ 15,000	**$ 232,956**	**$ 36,000**

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.

11. 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 February 29, 2012. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 11 – Capital Management Continued

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

		Feb 29, 2012		May 31, 2011		Feb 28, 2011		Jun 1, 2010
Cash	$	247,842	$	75,506	$	97,873	$	707,586
Marketable Securities	$	158,400	$	60,000	$	63,000	$	37,000
Common Shares	$	14,747,466	$	14,747,466	$	15,099,066	$	14,710,546
Contributed surplus	$	475,172	$	475,172	$	148,572	$	355,477
Deficit	$	(12,682,087)	$	(12,710,867)	$	(12,667,275)	$	(12,474,589)
	$	**2,946,793**	**$**	**2,647,277**	**$**	**2,741,236**	**$**	**3,336,020**

12. Post-reporting date events

On March 15, 2012 and April 2, 2012 the Company has repaid the outstanding loan payable in the amounts of $150,000 and $50,000 respectively.

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

13. Transition to IFRS

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

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was June 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which, for the Company, will be May 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

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 Condensed Consolidated Financial Statements

(unaudited)

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**		**Feb 28, 2011**		**Jun 1, 2010**
Shareholder's Equity under Canadian GAAP:	$	2,511,771	$	2,580,363	$	2,684,431
IFRS adjustments	$	-	$	-	$	(92,997)
Total Equity under IFRS	**$**	**2,511,771**	**$**	**2,580,363**	**$**	**2,591,434**

Reconciliation of comprehensive income		**May 31, 2011**		**Feb 28, 2011**
Comprehensive loss under Canadian GAAP	$	(237,380)	$	(193,788)
IFRS adjustments	$	1,101	$	1,101
Comprehensive income under IFRS	**$**	**(236,279)**	**$**	**(192,687)**

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 13 – Transition to IFRS Continued

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

	Note	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
Flow-through liability	B	-	92,997	92,997
		117,611	92,997	210,608
SHAREHOLDERS' EQUITY				
Stated capital		14,710,546	-	14,710,546
Contributed surplus	A	582,860	(227,383)	355,477
Deficit	A, B	(12,608,975)	134,386	(12,474,589)
		2,684,431	(92,997)	2,591,434
		$ 2,802,042	$ -	$ 2,802,042

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 13 – Transition to IFRS Continued

The following is a reconciliation of the interim unaudited Consolidated Statements of Financial Position as of February 28, 2011:

	Note	Canadian GAAP Feb 28, 2011	IFRS Adjustments	IFRS Feb 28, 2011
ASSETS				
Current				
Cash and equivalents		$ 16,043	$ -	$ 16,043
Cash held for future exploration		$ 81,830	$ -	$ 81,830
Marketable securities		$ 63,000	$ -	$ 63,000
Interest and sundry receivables		$ 94,325	$ -	$ 94,325
			-	
		255,198	-	$ 255,198
			-	
Non-current			$ -	
Property, plant and equipment		$ 1,427	$ -	$ 1,427
Mineral Properties		$ 2,537,129	$ -	$ 2,537,129
		2,538,556	-	$ 2,538,556
		$ 2,793,754	$ -	$ 2,793,754
LIABILITIES				
Current				
Accounts payable and accrued liabilities		$ 111,775	$ -	$ 111,775
Convertible Debentures		$ 101,616	$ -	$ 101,616
Flow-through liability	B	$ -	$ -	$ -
			-	
		213,391	-	$ 213,391
SHAREHOLDERS' EQUITY				
Stated capital		$ 15,099,066	$ -	$ 15,099,066
Convertible debenture - equity component		$ 15,200	$ -	$ 15,200
Contributed surplus	A	$ 268,860	$ (135,488)	$ 133,372
Deficit	A, B	$ (12,802,763)	$ 135,488	$ (12,667,275)
		2,580,363	-	$ 2,580,363
		$ 2,793,754	$ -	$ 2,793,754

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 13 – Transition to IFRS Continued

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

	Note	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	A	$ 610,660	$ (135,488)	$ 475,172
Deficit	A, B	$ (12,846,355)	$ 135,488	$ (12,710,867)
		2,511,771	-	2,511,771
		$ 2,760,823	$ -	$ 2,760,823

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 13 – Transition to IFRS Continued

The following is a reconciliation of interim unaudited Consolidated Statements of Comprehensive Loss for three months ended February 28, 2011:

	Note	Canadian GAAP Three months ended Feb 28, 2011	IFRS Adjustments Feb 28, 2011	IFRS Three months ended Feb 28, 2011
Revenues		$ 18,456	$ -	$ 18,456
Expenses				
Administrative and general		27,828		27,828
Consulting fees		12,059		12,059
Interest and bank charges		3,398		3,398
Management fees		15,000		15,000
Marketing expenditures				-
Professional fees		260		260
Regulatory fees		11,021		11,021
Stock-based compensation	A		18,217	18,217
Amortization expense		975		975
Convertible debenture interest accretion		8,455		8,455
Interest income				-
Income Tax Expense (flow-through)	B		52,068	52,068
		78,996	70,285	149,281
Net Loss for the period before undernoted		(60,540)	(70,285)	(130,825)
FV Adjustment of marketable securities		9,000		9,000
Loss on sale of fixed assets net of accumulated depreciation		(15,598)		(15,598)
Loss before income taxes		(67,138)	(70,285)	(137,423)
Deferred income tax (recovery)	B	-	105,823	105,823
Net loss and comprehensive loss		(67,138)	35,538	(31,600)
Basic and diluted loss per share		$ (0.001)		$ (0.000)
Weighted average number of shares outstanding basic and diluted		79,059,239		79,059,239

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 13 – Transition to IFRS Continued

The following is a reconciliation of interim unaudited Consolidated Statements of Comprehensive Loss for nine months ended February 28, 2011:

	Note	Canadian GAAP Nine months ended Feb 28, 2011	IFRS Adjustments Feb 28, 2011	IFRS Nine months ended Feb 28, 2011
Revenues		$ 34,364		$ 34,364
Expenses				
Administrative and general		75,093		75,093
Consulting fees		49,004		49,004
Interest and bank charges		8,412		8,412
Management fees		45,000		45,000
Marketing expenditures				-
Professional fees		13,894		13,894
Regulatory fees		18,704		18,704
Stock-based compensation	A		91,895	91,895
Amortization expense		3,082		3,082
Convertible debenture interest accretion		25,365		25,365
Interest income				-
Income Tax Expense (flow-through)	B		84,225	84,225
		238,554	176,120	414,674
Net Loss for the period before undernoted		(204,190)	(176,120)	(380,310)
FV Adjustment of marketable securities		26,000		26,000
Loss on sale of fixed assets net of accumulated depreciation		(15,598)		(15,598)
Loss before income taxes		(193,788)	(176,120)	(369,908)
Deferred income tax (recovery)	B	-	177,222	177,222
Net loss and comprehensive loss		(193,788)	1,101	(192,687)
Basic and diluted loss per share		$ (0.002)		$ (0.002)
Weighted average number of shares outstanding basic and diluted		78,311,986		78,311,986

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 13 – Transition to IFRS Continued

The following is a reconciliation of unaudited Consolidated Statements of Comprehensive Loss for the year ended May 31, 2011:

	Note	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	A	-	91,895	91,895
Amortization expense		4,321		4,321
Convertible debanture interest accretion		36,269		36,269
Interest income		(4)		(4)
FV Adjustment of marketable securities		(23,000)		(23,000)
Income Tax Expense (flow-through)	B	-	88,219	88,219
		262,380	180,114	442,494
Loss before income taxes		(262,380)	(180,114)	(442,494)
Deferred income tax recovery	B	25,000	181,216	206,216
Net loss and comprahansive loss		(237,380)	1,101	(236,279)
Basic and diluted loss per share		$ (0.003)		$ (0.003)
Weighted average number of shares outstanding basic and diluted		79,059,239		79,059,239

Notes to the Condensed Consolidated Financial Statements
(unaudited)

Note 13 – Transition to IFRS Continued

Changes in accounting policies:
In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company.

Note (A) Share-based payments

IFRS 2 is effective for the Company as of January 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Stock option grants prior to November 7, 2002 are not taken into account for IFRS 2;
- Stock option grants subsequent to November 7, 2002 are only taken into account if they have not vested as at January 1, 2010; and,
- From January 1, 2010, all stock options, share grants and other share-based payments will be expensed in accordance with the policy stated in Note 3 (vi).

Recognition of Expense

Canadian GAAP - For grants of share-based awards with graded vesting, the total fair value of the award is recognized on a straight-line basis over the employment period necessary to vest the award.

IFRS - Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. As a result, the Company adjusted its expense for share-based awards to reflect this difference in recognition.

Forfeitures

Canadian GAAP - Forfeitures of awards are recognized as they occur

IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. The Company estimated 0% forfeiture rate and, as a result, no adjustments were recognized.

Note (B) Flow-through Accounting

Canadian GAAP - Flow through shares are a unique Canadian tax incentive, which is the subject of specific guidance under Canadian GAAP and US GAAP. Under Canadian GAAP the flow-through proceeds are recorded as a direct charge to Share Capital.

IFRS – IFRS does not have an equivalent guidance to Sec 3465 and EIC 146 on accounting for flow-through shares. As a result, the Company needs to apply IAS 8.10 – IAS 8.12 in developing an acceptable accounting policy, which in the absence of an IFRS that specifically applies to a transaction, allows management to use its judgment in developing and applying an accounting policy.

In reference to US FAS 109, the Company intends to adopt the following accounting policy:
The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through shares arrangements are renounced to investors in accordance with Canadian tax legislation. Under the liability method of accounting for income taxes, the future income taxes relating to the temporary difference that will arise when the qualifying expenditures are incurred are recorded at the time of filing the renunciation with the tax authorities. The recognition of the future income tax liability will result in a corresponding reduction to the carrying value of the shares issued.

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 13 – Transition to IFRS Continued

Note (C) Financial Instruments

Canadian GAAP – The Company used the policy to expense all transaction costs related to financial instruments that were not designated as Held-For-Trading.

IFRS – IAS 39 requires that transaction costs that are directly attributable to the acquisition or issue of financial instruments not designated as Fair-Value-Through-Profit-and-Loss (FVTPL) to be recognized in the initial measurement of the instrument. The Company has determined that the impacts of these differences are immaterial and therefore the adjustments were not booked.

Note (D) Compound financial instruments

Canadian GAAP – provides an entity with choices of the method of determination of allocation of the liability and the equity components. One of these is consistent with guidance in IAS 32; alternatively an entity may assign a residual value to the less easily measurable component (liability or equity) after deducting from the issue proceeds the fair value of the more easily fair-valued component.

IFRS – IAS 32 and IAS 39 require compound financial instruments to be separated into it liability and equity components upon initially recognizing the instrument, and this is not subsequently revised. IFRS requires first to determine the fair value of the liability component with the resulting residual amount being the equity component. The Company has determined that the impacts of these differences are immaterial and therefore the adjustments were not booked.