Azimut Exploration Inc.

Unaudited Condensed Interim Financial Statements
November 30, 2011 and 2010
(expressed in Canadian dollars, except
share amounts)

Azimut Exploration Inc.
Interim Balance Sheets
(Unaudited)

	November 30, 2011 $	August 31, 2011 $ (note 5)	September 1, 2010 $ (note 5)
Assets			
Current assets			
Cash and cash equivalents	3,209,434	3,834,831	2,704,823
Amounts receivable			
Related parties	40,282	40,282	80,564
Others	2,699,212	2,314,148	939,469
Prepaid expenses	16,604	31,445	21,848
	5,965,532	6,220,706	3,746,704
Non-current assets			
Mining rights receivable	164,508	137,608	-
Long-term investment	285,554	386,405	377,561
Property and equipment, net of accumulated depreciation	42,582	92,555	282,422
Intangible assets (less accumulated amortization of $10,812; $9,751 as at August 31, 2011)	13,096	14,157	4,597
Exploration and evaluation assets (note 6)	7,778,142	7,561,643	3,947,274
	8,283,882	8,192,368	4,611,584
Total assets	14,249,414	14,413,074	8,358,558
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities			
Related parties	76,852	79,659	93,905
Accounts payable and accrued liabilities, advances received for exploration work and others	571,489	1,459,691	1,708,802
Current portion of debenture payable	100,000	100,000	100,000
Obligation under capital lease	-	16,100	29,697
	748,341	1,655,450	1,932,404
Non-current liabilities			
Debenture payable	63,200	158,600	240,200
Liability component of convertible debentures (note 7)	-	296,118	878,847
Asset retirement obligation	50,000		
Other liability	-	-	52,346
	113,200	454,718	1,171,393
Total liabilities	861,541	2,110,168	3,103,797
Equity			
Share capital	20,457,968	18,837,579	11,745,400
Warrants (note 8)	527,724	735,046	564,152
Stock options	1,999,430	2,198,030	2,482,790
Equity component of convertible debentures (note 7)	-	47,889	150,050
Contributed surplus	1,241,727	1,087,042	459,472
Deficit	(10,730,732)	(10,595,287)	(10,139,255)
Accumulated other comprehensive loss	(108,244)	(7,393)	(7,848)
Total equity	13,387,873	12,302,906	5,254,761
Total liabilities and equity	14,249,414	14,413,074	8,358,558

Subsequent events (note 10)

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Azimut Exploration Inc.
Interim Statements of Comprehensive Loss
(Unaudited) For the three-months period ended November 30, 2011 and 2010

	2011 $	2010 $ (note 5)
Expenses		
General and administrative (note 9)	136,060	142,040
General exploration (note 9)	10,437	43,440
	146,497	185,480
Operating loss		
Finance costs, net		
Interest income	(9,047)	(5,177)
Interest on debentures	8,498	28,492
Interest and bank charges	482	300
	(67)	23,615
Other gains and losses		
Gain on option payments on exploration and evaluation assets	-	-
Gain on termination of option on exploration and evaluation assets	-	148,642
Management fees	10,985	21,467
Gain (loss) on sale of available-for-sale investments	-	10,776
	10,985	180,885
Loss before income tax	(135,445)	(28,210)
Recovery of deferred income tax	-	42,586
Net loss for the period	(135,445)	14,376
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale investments	(100,851)	165,390
Reclassification of other than temporary write-down on available-for-sale investments to statement of loss	-	-
Reclassification of the loss (gain) on sale of available-for-sale investments to statement of loss	-	(10,776)
	(100,851)	154,614
Comprehensive loss for the period	(236,296)	168,990
Basic and diluted net loss per share	(0.004)	0.001
Weighted average number of shares outstanding	34,972,692	25,384,905

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Azimut Exploration Inc.

Interim Statements of Changes in Equity

(Unaudited) For the three-months period ended November 30, 2011 and 2010

	Share capital		Warrants		Stock options		Equity component of convertible debentures	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total
	Number	**$**	**Number**	**$**	**Number**	**$**	**$**	**$**	**$**	**$**	**$**
Balance – August 31, 2011	34,438,351	18,837,579	4,573,217	735,046	2,205,000	2,198,030	47,889	1,087,042	(10,595,287)	(7,393)	12,302,906
Net loss for the period	-	-	-	-	-	-	-	-	(135,445)	-	(135,445)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	(100,851)	(100,851)
Comprehensive loss for the period	34,438,351	18,837,579	4,573,217	735,046	2,205,000	2,198,030	47,889	1,087,042	(10,730,732)	(108,244)	12,066,610
Issuance of shares for payment of interest on convertible debentures	12,542	13,129	6,271	1,073	-	-	-	-	-	-	14,202
Conversion of secured debentures	500,000	301,257	250,000	42,750	-	-	(47,889)	-	-	-	296,118
Warrants exercised	1,439,435	1,208,488	(1,439,435)	(246,580)	-	-	-	-	-	-	961,908
Warrants expired	-	-	(26,556)	(4,565)	-	-	-	4,565	-	-	-
Stock options exercised	80,000	101,280	-	-	(80,000)	(48,480)	-	-	-	-	52,800
Stock options expired	-	-	-	-	(70,000)	(150,120)	-	150,120	-	-	-
Share issue expenses	-	(3,765)	-	-	-	-	-	-	-	-	(3,765)
Balance – November 30, 2011	36,470,328	20,457,968	3,363,497	527,724	2,055,000	1,999,430	-	1,241,727	(10,730,732)	(108,244)	13,387,873
Balance – September 1, 2010	25,111,070	11,745,400	2,542,154	564,152	2,440,000	2,482,790	150,050	459,472	(10,139,255)	(7,848)	5,254,761
Net loss for the period	-	-	-	-	-	-	-	-	14,376	-	14,376
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	154,614	154,614
Comprehensive loss for the period	25,111,070	11,745,400	2,542,154	564,152	2,440,000	2,482,790	150,050	459,472	(10,124,879)	146,766	5,423,751
Issuance of shares for payment of interest on convertible debentures	39,727	35,211	-	-	-	-	-	-	-	-	35,211
Conversion of secured debentures	1,185,185	671,881	1,205,470	37,158	-	-	(102,162)	-	-	-	606,877
Warrants exercised	602,847	414,419	(602,847)	(19,443)	-	-	-	-	-	-	394,976
Stock options expired	-	-	-	-	(425,000)	(401,190)	-	401,190	-	-	-
Stock-based compensation costs	-	-	-	-	-	1,500	-	-	-	-	1,500
Share issue expenses	-	(3,716)	-	-	-	-	-	-	-	-	(3,716)
Balance – November 30, 2010	26,938,829	12,863,195	3,144,777	581,867	2,015,000	2,083,100	47,888	860,662	(10,124,879)	146,766	6,458,599

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Azimut Exploration Inc.

Interim Statements of Cash Flows

(Unaudited) For the three-months period ended November 30, 2011 and 2010

	2011 $	2010 $
Cash flow from operating activities		
Net loss for the period	(135,445)	14,376
Items not affecting cash		
Depreciation of property and equipment	3,047	3,115
Amortization of intangible assets	1,061	345
Loss (Gain) on sale of available-for-sale investments	-	(10,776)
Gain on termination of option on exploration and evaluation assets	-	(148,671)
Credits on duties refundable for loss and refundable tax credits for resources	(6,900)	-
Accretion expense on debentures	4,600	17,104
Stock-based compensation costs	-	1,500
Share issued for interest on debentures	14,203	35,211
Recovery of income taxes	-	(42,586)
	(119,434)	(130,382)
Changes in non-cash operating working capital items		
Amounts receivable	(152,264)	442,981
Prepaid expenses	14,841	8,671
Accounts payable and accrued liabilities	(1,351,309)	(46,041)
	(1,488,732)	405,611
	(1,608,166)	275,229
Cash flow from financing activities		
Non-convertible debenture	(100,000)	(100,000)
Issuance of share capital, net of share issue expenses	1,014,708	391,260
Payments of obligation under capital lease	(3,765)	-
	910,943	291,260
Cash flow from investing activities		
Proceeds from sale of available-for-sale investments	-	50,994
Additions to exploration and evaluation assets	71,826	(1,320,007)
	71,826	(1,269,013)
Net change in cash and cash equivalents	(625,397)	(702,524)
Cash and cash equivalents – Beginning of period	3,834,831	2,704,823
Cash and cash equivalents – End of period	3,209,434	2,002,299
Additional information		
Interest paid net of interest received	8,565	4,877
Acquisition of exploration and evaluation assets included in accounts payable and accrued liabilities	460,300	122,412
Depreciation of property and equipment pursuant to a capital lease and included in exploration and evaluation assets	80,826	46,927

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

1 Nature of operations and general information

Azimut Exploration Inc. (the “Company”), incorporated under the Québec Corporations Act, is in the business of acquiring and exploring mining properties. The Company registered office is located at 110 De La Barre Street, Suite 214, Longueuil, Quebec, Canada. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. It has not yet been determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and evaluation of its properties and profitable sale of the exploration and evaluation assets.

Although management has taken steps to verify title to mining properties in which the Company has an interest, in accordance with industry standards for the current stage of exploration and evaluation of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliant with regulatory requirements.

To date, the Company has not earned significant revenues and is considered to be in the exploration and evaluation stage.

As at November 30, 2011, the Company had working capital of $5,217,191 (2010 – $1,594,990) including cash and cash equivalents of $3,209,434 (2010 – $2,002,299) of which no funds was restricted pursuant to flow-through financings (2010 – $76,302) and accumulated deficit of $10.7 million (2010 – $10.1 million), and had incurred a loss of $135,445 (2010 – an earnings of $14,376) for the three-month period then ended.

Management of the Company believes that it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures and to meet its liabilities, obligations and existing commitments for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. To continue its exploration and evaluation program on its properties and its operation beyond November 30, 2012, the Company will periodically have to raise additional funds through the issuance of new equity instruments, the exercise of stock options or warrants and the search of partners to sign option agreements on certain of its mining properties, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

The Company’s financial year ends on August 31. The unaudited condensed interim financial statements were authorized by the Board of Directors on February 27, 2012.

2 Summary of significant accounting policies

The significant accounting policies used in the preparation of these unaudited condensed interim financial statements are described below.

Basis of preparation and adoption of International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these interim financial statements. In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. The Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at September 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended August 31, 2011.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of February 27, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2012 could result in restatement of these interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended August 31, 2011. Note 5 discloses IFRS information for the year ended August 31, 2011 not provided in the 2011 annual financial statements.

Basis of measurement

These unaudited condensed interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Jointly controlled assets and exploration activities

A jointly controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

Where the Company's activities are conducted through jointly controlled assets and exploration activities, the financial statements include the Company's share in the assets and the liabilities as well as in the income and the expenses from the joint operations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and highly liquid short-term investments with original maturities of three months or less from the date of purchase and which are readily convertible to known amounts of cash.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

a) **Financial assets and financial liabilities at fair value through profit or loss:** A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statements of comprehensive loss. Gains and losses arising from changes in fair value are presented in the statements of comprehensive loss within other gains and losses in the period in which they arise. Financial assets and financial liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond 12 months of the balance sheet date, which is classified as non-current.

b) **Available-for-sale investments:** Available for sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within 12 months, or management expects to dispose of them within 12 months. Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of comprehensive loss as part of interest income. Dividends on available for sale equity instruments are recognized in the statement of comprehensive loss as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of comprehensive loss and are included in other gains and losses.

c) **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

d) **Financial liabilities at amortized cost:** Financial liabilities at amortized cost include accounts payable and accrued liabilities, advances received for exploration work, debenture, convertible debenture and capital lease obligations. Accounts payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce to fair value. Accounts payables and accrued liabilities and advances received for exploration work are measured at amortized cost using the effective interest method. Debenture, convertible debentures and capital lease obligations are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

The Company's financial instruments are classified as follows:

Financial instrument	**Category**
Cash and cash equivalents	Held-for-trading
Amounts receivable	Loans and receivables
Available-for-sale investments	Available-for-sale
Accounts payable and accrued liabilities	Other financial liabilities
Debenture	Other financial liabilities
Convertible debentures	Other financial liabilities
Obligation under capital lease	Other financial liabilities

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows.

a) **Financial assets carried at amortized cost:** The loss is the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

b) **Available-for-sale investments:** The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss. This amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to net loss.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of comprehensive loss during the period in which they are incurred.

Property and equipment are depreciated using the declining balance method at the rates indicated below, except for the camp under a capital lease which is amortized using the straight-line method over an eighteen-month (18-month) period. Depreciation of the camp under a capital lease is capitalized to exploration and evaluation assets.

	Rate
Office furniture	20%
Office equipment	20%
Computer equipment	30%
Specialist equipment	30%

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of comprehensive loss.

Identifiable intangible assets

The Company's intangible assets include computer software with finite useful lives. These assets are capitalized and amortized at a 30% declining balance basis in the statements of comprehensive loss.

Exploration and evaluation

Exploration and evaluation ("E&E") assets comprise deferred exploration expenses and exploration properties. Expenditures incurred on activities that precede exploration for and evaluations of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed as incurred and presented under caption *general exploration* in the statement of comprehensive loss.

E&E assets includes rights in exploration properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

Exploration rights are recorded at acquisition cost or at fair value in the case of a devaluation caused by an impairment of value. Exploration rights and options to acquire undivided interests in exploration rights are depreciated only as these properties are put into commercial production. These costs are written off when properties are abandoned or when cost recovery or access to resources is uncertain.

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Proceeds on the sale of exploration properties are applied by property in reduction of the exploration properties, then in reduction of the deferred exploration costs and any residual is recorded in the statement of comprehensive loss unless there is contractual work required in which case the residual gain is deferred and will be reduced once the contractual disbursements are done. Funds received from partners on certain properties where the Company is the operator, in order to perform exploration work as per agreements, are accounted for in the balance sheet as advances received for exploration work. These amounts are reduced gradually once the exploration work is performed. The project management fees received when the Company is the operator are recorded in the statement of comprehensive loss.

E&E expenditures for each separate area of interest are capitalized and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore-like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

When a project moves into the development phase, E&E expenditures are capitalized to development costs in property and equipment.

E&E expenditures include overhead expenses directly attributable to the related activities.

Cash flows attributable to capitalized E&E costs are classified as investing activities in the statement of cash flows under the heading additions to exploration and evaluation assets.

Borrowing costs

Borrowing costs attributable to the acquisition of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statements of comprehensive loss in the period in which they are incurred.

Impairment of non-financial assets

Property and equipment and exploration and evaluation assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and 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 estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation or amortization. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation or amortization charge for the period.

Government assistance

The Company is entitled to a refundable tax credit on qualified mining exploration expenses incurred in the province of Quebec and mining duty credits which are recorded against the deferred exploration expenditures or recognized in the statement of loss when the related general mining exploration expenses have been recognized in the statement of loss.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Share-based payment transactions

The fair value of share options granted to employees are recognized as an expense, or capitalized to deferred exploration expenditures over the vesting period with a corresponding increase in stock options. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each balance sheet reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants to brokers, in respect of an equity financing, are recognized as share issue expense reducing the share capital with a corresponding credit to warrants.

Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model to determine the fair value of warrants issued.

Flow-through shares

The Company finances some exploration and evaluation expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The Company recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred. The difference between the quoted price of the common shares and the amount the investors pay for the shares (the “premium”), measured with the residual value method, is recognized as other liability which is reversed into earnings (as a deferred tax recovery) when eligible expenditures have been made.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive loss or in equity, in which case it is recognized in other comprehensive loss or in equity, respectively.

Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The temporary differences are not provided for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, brokers' units and stock options that may add to the total number of common shares.

Segment disclosures

The Company currently operates in a single segment: the acquisition, exploration and evaluation of exploration properties. All of the Company's activities are conducted in Quebec, Canada.

3 New accounting standards not yet adopted

The IASB issued the following standards which are relevant but have not yet been adopted by the Company: IAS 1, “Presentation of Financial Statements”; IFRS 9, “Financial Instruments”; IFRS 11, “Joint Arrangements”; and IFRS 13, “Fair Value Measurement”.

The following is a brief summary of the new standards.

- IAS 1 – Presentation of Financial Statements

  IAS 1 was amended to change the disclosure of items presented in Other comprehensive income (“OCI”), including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is required to be applied for years beginning on or after July 1, 2012. The company has not yet assessed the impact of the standard.

- IFRS 9 – Financial Instruments – Classification and measurement

  IFRS 9 was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, “Financial Instruments: Recognition and Measurement”, for debt instruments with a new mixed measurement model with only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

  Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

  IFRS 9 is effective for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The company has not yet assessed the impact of the standard or determined whether it will adopt if early.

- IFRS 11 – Joint Arrangements

  IFRS 11 replaces IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities – Nonmonetary Contributions by Venturers. IFRS 11 requires a single method, known as the equity method, to account for interests in jointly controlled entities which is consistent with the accounting treatment currently applied to investments in associates. IAS 28, Investments in Associates and Joint Ventures, was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

- IFRS 13 – Fair Value Measurement

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

  IFRS 13 is effective for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The company has not yet assessed the impact of the standard or determined whether it will adopt if early.

4 Critical accounting estimates, judgments and assumptions

Many of the amounts included in the financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the financial statements include the following.

a) **Impairment of non-financial assets**

The Company's fair value measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual fair values. The fair values are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated fair values of non-financial assets to their carrying values. The Company's fair value estimates are based on numerous assumptions. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and result of operations. Assets are reviewed for an indication of impairment at each balance sheet date. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration and evaluation activities and significant drop in commodity prices.

b) **Recognition of deferred income tax assets and the measurement of income tax expense**

Periodically, the Company evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if we believe that it is probable that some portion of the deferred tax assets will fail to be realized, the Company records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires management to make significant judgment. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the balance sheet date could be impacted.

c) **Valuation of share-based payments**

The Company records all share based payments using the fair value method. The Company uses the Black-Scholes model to determine the fair value of stock options and warrants. The main factor affecting the estimates of the fair value of stock options and warrants is the stock price expected volatility used and the forfeiture rate. The Company currently estimates the expected volatility of its common shares based on its historical volatility taking into consideration the expected life of the options and warrants. The Company estimates the expected forfeiture rate based on its historical forfeiture rate.

d) **Valuation of credit on duties refundable for loss and the refundable tax credit for resources**

The Company estimates the benefits to be recognized from the refundable tax credit on qualified mining exploration expenses incurred in the province of Quebec and the mining duty credits. Those benefits are recognized when the Company estimates that it has reasonable assurance that those credits will be realized.

e) **Impairment of available-for-sale investments**

The Company follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

5 Transition to IFRS

The effect of the Company's transition to IFRS, is summarized in this note as follows:

a) Transition elections;
b) Reconciliation of balance sheet, equity and comprehensive loss as previously reported under Canadian GAAP to IFRS and explanatory notes;
c) Adjustments to the statement of cash flows; and
d) Additional IFRS information for the year ended August 31, 2011.

a) Transition elections

IFRS 1, First Time Adoption of IFRS, offers the possibility to utilize certain exemptions from full retrospective application of IFRS. The Company evaluated the options available and didn't have to adopt the any transition exemptions.

b) Reconciliation of balance sheet, equity and comprehensive loss as previously reported under Canadian GAAP to IFRS and explanatory notes

Canadian GAAP	Note	August 31, 2011 Canadian GAAP $	Adj. $	IFRS $	November 30, 2010 Canadian GAAP $	Adj. $	IFRS $	September 1, 2010 Canadian GAAP $	Adj. $	IFRS $	IFRS description
Assets											**Assets**
Current assets											**Current assets**
Cash and cash equivalents		3,834,831		3,834,831	2,002,299		2,002,299	2,704,823		2,704,823	Cash and cash equivalents
Amounts receivable											Amounts receivable
Related parties		40,282		40,282	80,564		80,564	80,564		80,564	Related parties
Others		2,314,148		2,314,148	496,488		496,488	939,469		939,469	Others
Prepaid expenses		31,445		31,445	13,177		13,177	21,848		21,848	Prepaid expenses
		6,220,706	-	6,220,706	2,592,528	-	2,592,528	3,746,704	-	3,746,704	
Non-current assets											**Non-current assets**
Mining rights receivable		137,608		137,608	-		-	-	-		Mining rights receivable
Available-for-sale investments		386,405		386,405	491,957		491,957	377,561		377,561	Available-for-sale investments
Property and equipment		92,555		92,555	232,380		232,380	282,422		282,422	Property and equipment
Intangible assets		14,157		14,157	4,252		4,252	4,597		4,597	Intangible assets
Mining properties		7,561,643		7,561,643	4,574,054		4,574,054	3,947,274		3,947,274	Exploration and evaluation assets
Deferred tax assets	ii)	-	1,044 (1,044)	-	-	12,599 (12,599)	-	-	16,450 (16,450)	-	Deferred tax assets
		8,192,368	-	8,192,368	5,302,643	-	5,302,643	4,611,854	-	4,611,854	
Total assets		14,413,074	-	14,413,074	7,895,171	-	7,895,171	8,358,558	-	8,358,558	**Total assets**

		August 31, 2011			November 30, 2010			September 1, 2010			
Canadian GAAP	**Note**	**Canadian GAAP** $	**Adj.** $	**IFRS** $	**Canadian GAAP** $	**Adj.** $	**IFRS** $	**Canadian GAAP** $	**Adj.** $	**IFRS** $	**IIFRS Description**
Liabilities											**Liabilities**
Current liabilities											**Current liabilities**
Accounts payable and accrued liabilities											Accounts payable and accrued liabilities
Related parties		79,659		79,659	109,082		109,082	93,905		93,905	Related parties
Accounts payable and accrued liabilities, advances received for exploration work and others		1,459,691		1,459,691	758,759		758,759	1,708,802		1,708,802	Accounts payable and accrued liabilities, advances received for exploration work and others
Current portion of debenture payable		100,000		100,000	100,000		100,000	100,000		100,000	Current portion of debenture payable
Obligation under capital lease		16,100		16,100	29,697		29,697	29,697		29,697	Obligation under capital lease
		1,655,450	-	1,655,450	997,538	-	997,538	1,932,404	-	1,932,404	
Non-current liabilities											**Non-current liabilities**
Debenture payable		158,600		158,600	144,800		144,800	240,200		240,200	Debenture payable
Liability component of convertible debentures		296,118		296,118	284,474		284,474	878,847		878,847	Liability component of convertible debentures
			1,044			12,599			16,450		
Deferred tax liability	ii)	-	(1,044)	-	-	(12,599)	-	-	(16,450)	-	Deferred tax liability
Other liability	i)	-	-	-	-	9,760	9,760	-	52,346	52,346	Other liability
		454,718	-	454,718	429,274	9,760	439,034	1,119,047	52,346	1,171,393	
Total liabilities		2,110,168	-	2,110,168	1,426,812	9,760	1,436,572	3,051,451	52,346	3,103,797	**Total liabilities**
Equity											**Equity**
Share capital	i)	18,919,219	(81,640)	18,837,579	12,642,195	221,000	12,863,195	11,524,400	221,000	11,745,400	Share capital
Warrants		735,046		735,046	581,867		581,867	564,152		564,152	Warrants
Stock options	iii)	2,198,030	-	2,198,030	2,067,350	15,750	2,083,100	2,468,540	14,250	2,482,790	Stock options
Equity component of convertible debentures		47,889		47,889	47,888		47,888	150,050		150,050	Equity component of convertible debentures
Contributed surplus		1,087,042		1,087,042	860,662		860,662	459,472		459,472	Contributed surplus
Deficit	i), iii)	(10,676,927)	81,640	(10,595,287)	(9,878,369)	(246,510)	(10,124,879)	(9,851,659)	(287,596)	(10,139,255)	Deficit
Accumulated other comprehensive loss		(7,393)		(7,393)	146,766		146,766	(7,848)		(7,848)	Accumulated other comprehensive loss
		12,302,906	-	12,302,906	6,468,359	(9,760)	6,458,599	5,307,107	(52,346)	5,254,761	
Total liabilities and equity		14,413,074	-	14,413,074	7,895,171	-	7,895,171	8,358,558	-	8,358,558	**Total liabilities and equity**

Canadian GAAP	Note	Canadian GAAP $	Adj. $	IFRS $	Canadian GAAP $	Adj. $	IFRS $	IFRS Description
		For the year ended August 31, 2011			For the three-month period ended November 30, 2010			
Expenses								**Expenses**
Salaries and fringe benefits	Note 9	127,206		948,697	85,741		142,040	General and administrative expenses (note 9)
Professional and maintenance fees		140,162		-	13,794		-	
Administration and office		205,607		-	34,508		-	
Travelling and entertainment		57,228		-	3,231		-	
Depreciation of property and equipment		14,280		-	3,115		-	
Amortization of intangible assets		3,310		-	345		-	
Allowance for doubtful accounts		47,320		-	-		-	
Part XII.6 tax		(628)		-	(194)		-	
Stock-based compensation	iii)	368,460	(14,250)	-	-	1,500	-	
Search of properties		236,392		160,926	43,440		43,440	General exploration (note 9)
Credit on duties refundable for loss and refundable tax credit for resources		(75,466)		-	-		-	
Write-off and write-down of mining properties		70,895		70,895	-		-	Impairment of exploration and evaluation assets
				1,180,518			185,480	**Operating loss**
								Finance costs, net
Interest income		(36,836)		(36,838)	(5,177)		(5,177)	Interest income
Interest on debentures		119,623		119,623	28,492		28,492	Interest on debentures
Interest on obligation under capital lease		403		403	-		-	Interest on obligation under capital lease
Interest and bank charges		1,721		1,721	300		300	Interest and bank charges
				84,909			23,615	
		1,279,677	(14,250)	1,265,427	207,595	1,500	209,095	

Canadian GAAP	Note	For the year ended August 31, 2011 Canadian GAAP $	Adj. $	IFRS $	For the three-month period ended November 30, 2010 Canadian GAAP $	Adj. $	IFRS $	IFRS Description
Other income (expenses)								Other gains and losses
Gain on option payments on mining properties		171,639		171,639	-		-	Gain on option payments on exploration and evaluation assets
Gain on termination of option on mining properties		174,174		174,174	148,642		148,642	Gain on termination of option on exploration and evaluation assets
Management fees		67,026		67,026	21,467		21,467	Management fees
Gain (loss) on sale of long-term investments		41,570		41,570	10,776		10,776	Gain (loss) on sale of available-for-sale investments
Other than temporary write-down on available-for-sale investments		-		-	-		-	Other than temporary write-down on available-for-sale investments
		454,409	-	454,409	180,885	-	180,885	
Loss before income tax		(825,268)	14,250	(811,018)	(26,710)	(1,500)	(28,210)	**Loss before income tax**
Recovery of deferred income tax	i)	-	302,346	302,346	-	42,586	42,586	Recovery of deferred income tax
Net loss for the period		(825,268)	316,596	(508,672)	(26,710)	41,086	14,376	**Net loss for the period**
Other comprehensive income (loss)								Other comprehensive income (loss)
Unrealized gain (loss) on available-for-sale investments		42,025		42,025	165,390		165,390	Unrealized gain (loss) on available-for-sale investments
Reclassification of other than temporary write-down on available-for-sale investments to statement of loss		-		-	-		-	Reclassification of other than temporary write-down on available-for-sale investments to statement of loss
Reclassification of the loss (gain) on sale of available-for-sale investments to statement of loss		(41,570)		(41,570)	(10,776)		(10,776)	Reclassification of the loss (gain) on sale of available-for-sale investments to statement of loss
		455	-	455	154,614	-	154,614	
Comprehensive income (loss) for the period		(824,813)	316,596	(508,217)	127,904	41,086	168,990	**Comprehensive loss for the period**
Basic and diluted net loss per share		(0.028)		(0.017)	(0.001)		0.001	**Basic and diluted net loss per share**
Weighted average number of shares outstanding		29,247,703		29,247,703	25,384,905		25,384,905	**Weighted average number of shares outstanding**

Some amounts on the unaudited interim statements of comprehensive loss have been reclassified to conform to the presentation adopted under IFRS, as the statement of comprehensive loss incorporated expenses by function and by nature which is not permitted under IFRS.

Explanatory notes

i) Under Canadian GAAP, when flow-through shares are issued, they are initially recorded in share capital at their issue price. On the date the expenses are renounced (by filing the prescribed forms) to the investors, a future tax liability is recognized as a cost of issuing the shares (a reduction in share capital). Under IFRS, flow-through shares are recognized based on the quoted price of the existing shares on the date of the issue. The difference between the amount recognized in share capital and the amount the investors pay for the shares (premium) is recognized as other liability which is reversed into earnings as deferred tax recovery when eligible expenditures have been made. The tax effect resulting from the renunciation is recorded as a deferred tax expense when eligible expenditures have been made.

ii) Under Canadian GAAP, there is an exception where there is no future income tax to record when the settlement of the liability component of compound financial instruments, in accordance with its terms, might occur without tax impact. When the entity is able to settle the instrument without the incidence of tax, the tax basis of the liability component is considered to be the same as its carrying amount and there is no temporary difference.

Under IFRS, deferred taxes relating to the liability component of compound financial instruments would be recorded if the carrying amount of the liability component differs from its tax basis.

In 2008, the Company issued convertible debentures for which no future income tax liability was recorded under Canadian GAAP. Upon transition to IFRS, the Company calculated the deferred tax liability arising from this liability.

iii) IFRS 2 "Share-Based Payment" requires that stock option grant tranches with different vesting dates be recognized separately and fair value determined for each grant. As at September 1, 2010, each tranche’s compensation cost was recalculated using the new method and amortized over their respective vesting period.

c) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on the statement of cash flows.

d) Additional IFRS information for the year ended August 31, 2011

Compensation of key management

Key management includes directors and senior executives. The compensation paid or payable to key management for employee services is presented below:

	For the year ended August 31, 2011 $
Senior executives' salary and directors' fees	324,493
Share-based payments	291,100

Property and equipment

	Office furniture $	Office equipment $	Computer equipment $	Specialist equipment $	Camp under capital lease $	Total $
At September 1, 2010						
Cost	20,542	20,081	24,477	56,250	281,560	402,910
Accumulated depreciation	(12,038)	(9,833)	(16,117)	(35,573)	(46,927)	(120,488)
Net book amount	**8,504**	**10,248**	**8,360**	**20,677**	**234,633**	**282,422**
Year ended August 31, 2011						
Opening net book amount	8,504	10,248	8,360	20,677	234,633	282,422
Additions	-		12,121	-		12,121
Depreciation for the year	(1,700)	(2,050)	(4,328)	(6,202)	(187,707)	(201,987)
Closing net book amount	**6,804**	**8,198**	**16,153**	**14,475**	**46,926**	**92,556**
At August 31, 2011						
Cost	20,542	20,081	36,598	56,250	281,560	415,031
Accumulated depreciation	(13,739)	(11,883)	(20,445)	(41,775)	(234,634)	(322,475)
Net book amount	**6,803**	**8,198**	**16,153**	**14,475**	**46,926**	**92,556**

6 Exploration and evaluation assets

All mining properties are located in the Province of Quebec.

	As at November 30, 2011 $	As at August 31, 2011 $	As at September 1, 2010 $
Exploration and evaluation assets	7,778,142	7,342,993	3,880,774
Advances for exploration work	-	218,650	66,500
	7,778,142	7,561,643	3,947,274

Change in exploration and evaluation assets

Exploration properties Nunavik	Undivided interest %	Cost as at August 31, 2011 $	Additions $	Option payments $	Tax credit $	Cost as at November 30, 2011 $	Accumulated impairment as at August 31, 2011 $	Impairment $	Accumulated impairment as at November 30, 2011 $	Net book amount as at November 30, 2011 $
Rex (5,720 claims)										
Mining properties	100	548,040	-		-	548,040			-	548,040
Exploration costs		3,327,128	403,100		(139,360)	3,590,868			-	3,590,868
		3,875,168	403,100	-	(139,360)	4,138,908	-	-	-	4,138,908
Rex South (2,162 claims)										
Mining properties	100	-	-			-			-	-
Exploration costs		-	-			-			-	-
		-	-	-	-	-	-	-	-	-
NCG (5,439 claims)										
Mining properties	100	525,632	-		-	525,632			-	525,632
Exploration costs		607,750	251,845		(109,000)	750,595			-	750,595
		1,133,382	251,845	-	(109,000)	1,276,227	-	-	-	1,276,227
Diana (732 claims)										
Mining properties	100	14,388	-			14,388			-	14,388
Exploration costs		13,934	1,719			15,653			-	15,653
		28,322	1,719	-	-	30,041	-	-	-	30,041
Others, Copper-gold-silver-cobalt-REE (513 claims)										
Mining properties	100	70,250	10,976		-	81,226			-	81,226
Exploration costs		3,545	9,507		(3,140)	9,912			-	9,912
		73,795	20,483	-	(3,140)	91,138	-	-	-	91,138
Total Copper-gold-silver-cobalt-rare earth properties		5,110,667	677,147	-	(251,500)	5,536,314	-	-	-	5,536,314

Exploration properties (continued)	**Undivided interest** %	**Cost as at August 31, 2011** $	**Additions** $	**Option payments** $	**Tax credit** $	**Cost as at November 30, 2011** $	**Accumulated impairment as at August 31, 2011** $	**Impairment** $	**Accumulated impairment as at November 30, 2011** $	**Net book amount as at November 30, 2011** $
North Rae (1,403 claims)										
Mining properties	100	494,266	-			494,266			-	494,266
Exploration costs		690,927	385			691,312			-	691,312
		1,185,193	385	-	-	1,185,578	-	-	-	1,185,578
Daniel Lake (447 claims)										
Mining properties	100	386,590	-			386,590			-	386,590
Exploration costs		302,146	-			302,146			-	302,146
		688,736	-	-	-	688,736	-	-	-	688,736
Kangiq (50 claims)										
Mining properties	100	5,450	-			5,450			-	5,450
Exploration costs		202	-			202			-	202
		5,652	-	-	-	5,652	-	-	-	5,652
North Minto (352 claims)										
Mining properties	100	15,943	-			15,943	-		-	15,943
Exploration costs		11,287	435			11,722	(11,287)		(11,287)	435
		27,230	435	-	-	27,665	(11,287)	-	(11,287)	16,378
Central Minto (195 claims)										
Mining properties	100	15,194	-			15,194	-		-	15,194
Exploration costs		1,041	790			1,831	(1,041)		(1,041)	790
		16,235	790	-	-	17,025	(1,041)	-	(1,041)	15,984
South Minto (220 claims)										
Mining properties	100	11,449	-			11,449			-	11,449
Exploration costs		7,445	435			7,880			-	7,880
		18,894	435	-	-	19,329	-	-	-	19,329

Exploration properties (continued)	**Undivided interest** %	**Cost as at August 31, 2011** $	**Additions** $	**Option payments** $	**Tax credit** $	**Cost as at November 30, 2011** $	**Accumulated impairment as at August 31, 2011** $	**Impairment** $	**Accumulated impairment as at November 30, 2011** $	**Net book amount as at November 30, 2011** $
Katívik (234 claims)										
Mining properties	100	31,145	-			31,145			-	31,145
Exploration costs		27,010	-			27,010			-	27,010
		58,155	-	-	-	58,155	-	-	-	58,155
Others, Uranium Properties (140 claims)										
Mining properties	100	29,260	-			29,260			-	29,260
Exploration costs		18,646	-			18,646			-	18,646
		47,906	-	-	-	47,906	-	-	-	47,906
Total Uranium properties		2,048,001	2,045	-	-	2,050,046	(12,328)	-	(12,328)	2,037,718
Total Nunavik		7,158,668	679,192	-	(251,500)	7,586,360	(12,328)	-	(12,328)	7,574,032

Exploration properties (continued) **James Bay**	**Undivided interest %**	**Cost as at August 31, 2011 $**	**Additions $**	**Option payments $**	**Tax credit $**	**Cost as at November 30, 2011 $**	**Accumulated impairment as at August 31, 2011 $**	**Impairment $**	**Accumulated impairment as at November 30, 2011 $**	**Net book amount as at November 30, 2011 $**
Opinaca A-A East (429 claims)										
Mining properties	50	8,460	-			8,460			-	8,460
Exploration costs		3,261	1,228			4,489			-	4,489
		11,721	1,228	-	-	12,949	-	-	-	12,949
Opinaca B-B North (220 claims)										
Mining properties	50	4,500	-			4,500			-	4,500
Exploration costs		2,574	1,118			3,692			-	3,692
		7,074	1,118	-	-	8,192	-	-	-	8,192
Eleonore South (282 claims)										
Mining properties	26.4	-	-			-			-	-
Exploration costs		4,510	2,152			6,662			-	6,662
		4,510	2,152	-	-	6,662	-	-	-	6,662
Opinaca D (188 claims)										
Mining properties	100	-	-			-			-	-
Exploration costs		3,868	-			3,868			-	3,868
		3,868	-	-	-	3,868	-	-	-	3,868
Eastmain W (77 claims)										
Mining properties	100	9,923	-			9,923			-	9,923
Exploration costs		152,124	1,191			153,315			-	153,315
		162,047	1,191	-	-	163,238	-	-	-	163,238
Wabamisk (723 claims)										
Mining properties	49	-	-		-	-			-	-
Exploration costs		7,433	3,068		(1,300)	9,201			-	9,201
		7,433	3,068	-	(1,300)	9,201	-	-	-	9,201
Total James Bay		196,653	8,757	-	(1,300)	204,110	-	-	-	204,110
Total mining properties		7,355,321	687,949	-	(252,800)	7,790,470	(12,328)	-	(12,328)	7,778,142

Exploration properties Nunavik	Undivided interest %	Cost as at September 1, 2010 $	Additions $	Option payments $	Tax credit $	Cost as at November 30, 2010 $	Accumulated impairment as at September 1, 2010 $	Impairment $	Accumulated impairment as at August 31, 2011 $	Net book amount as at August 31, 2011 $
Rex (4,858 claims)										
Mining properties	100	424,320	123,720		-	548,040			-	548,040
Exploration costs		1,511,516	2,997,490		(1,181,878)	3,327,128			-	3,327,128
		1,935,836	3,121,210	-	(1,181,878)	3,875,168	-	-	-	3,875,168
Rex South (1,822 claims)										
Mining properties	100	-	18,240	(18,240)		-			-	-
Exploration costs		14,326	-	(14,326)		-			-	-
		14,326	18,240	(32,566)	-	-	-	-	-	-
NCG										
Mining properties	100	48,289	477,343		-	525,632			-	525,632
Exploration costs		-	1,070,787		(463,037)	607,750			-	607,750
		48,289	1,548,130	-	(463,037)	1,133,382	-	-	-	1,133,382
Diana										
Mining properties	100	-	14,388		-	14,388			-	14,388
Exploration costs		2,204	20,668		(8,938)	13,934			-	13,934
		2,204	35,056	-	(8,938)	28,322	-	-	-	28,322
Others, Copper-gold-silver-cobalt-REE										
Mining properties	100	20,544	49,706		-	70,250			-	70,250
Exploration costs		-	6,246		(2,701)	3,545			-	3,545
		20,544	55,952	-	(2,701)	73,795	-	-	-	73,795
Total Copper-gold-silver-cobalt-rare earth properties		2,021,199	4,778,588	(32,566)	(1,656,554)	5,110,667	-	-	-	5,110,667

Exploration properties (continued)	**Undivided interest** %	**Cost as at September 1, 2010** $	**Additions** $	**Option payments** $	**Tax credit** $	**Cost as at November 30, 2010** $	**Accumulated impairment as at September 1, 2010** $	**Impairment** $	**Accumulated impairment as at August 31, 2011** $	**Net book amount as at August 31, 2011** $
North Rae										
Mining properties	100	420,631	73,635		-	494,266			-	494,266
Exploration costs		674,857	28,204		(12,134)	690,927			-	690,927
		1,095,488	101,839	-	(12,134)	1,185,193	-	-	-	1,185,193
Daniel Lake										
Mining properties	100	344,974	41,616		-	386,590			-	386,590
Exploration costs		295,441	11,719		(5,014)	302,146			-	302,146
		640,415	53,335	-	(5,014)	688,736	-	-	-	688,736
Kangiq										
Mining properties	100	-	5,450		-	5,450			-	5,450
Exploration costs		-	357		(155)	202			-	202
		-	5,807	-	(155)	5,652	-	-	-	5,652
Burrel Lake										
Mining properties	100	94,593	-			94,593	(74,593)	(20,000)	(94,593)	-
Exploration costs		11	-			11	(11)	-	(11)	-
		94,604	-	-	-	94,604	(74,604)	(20,000)	(94,604)	-
South Rae										
Mining properties	100	5,778	-		-	5,778		(5,778)	(5,778)	-
Exploration costs		9,242	41		(16)	9,267		(9,267)	(9,267)	-
		15,020	41	-	(16)	15,045	-	(15,045)	(15,045)	-
North Minto										
Mining properties	100	-	15,943		-	15,943		-	-	15,943
Exploration costs		818	17,565		(7,096)	11,287		(11,287)	(11,287)	-
		818	33,508	-	(7,096)	27,230	-	(11,287)	(11,287)	15,943
Central Minto										
Mining properties	100	-	15,194		-	15,194		-	-	15,194
Exploration costs		-	1,746		(705)	1,041		(1,041)	(1,041)	-
		-	16,940	-	(705)	16,235	-	(1,041)	(1,041)	15,194

Exploration properties (continued)	**Undivided interest** %	**Cost as at September 1, 2010** $	**Additions** $	**Option payments** $	**Tax credit** $	**Cost as at November 30, 2010** $	**Accumulated impairment as at September 1, 2010** $	**Impairment** $	**Accumulated impairment as at August 31, 2011** $	**Net book amount as at August 31, 2011** $
South Minto										
Mining properties	100	-	11,449		-	11,449			-	11,449
Exploration costs		533	12,178		(5,266)	7,445			-	7,445
		533	23,627	-	(5,266)	18,894	-	-	-	18,894
Kativik										
Mining properties	100	-	31,145		-	31,145			-	31,145
Exploration costs		1,629	44,719		(19,338)	27,010			-	27,010
		1,629	75,864	-	(19,338)	58,155	-	-	-	58,155
Hudson Bay	100									
Mining properties		14,018	4,815			18,833		(18,833)	(18,833)	-
Exploration costs		1,933	-			1,933		(1,933)	(1,933)	-
		15,951	4,815	-	-	20,766	-	(20,766)	(20,766)	-
South Bienville										
Mining properties	100	-	1,712	-	-	1,712		(1,712)	(1,712)	-
Exploration costs		-	54	(27)	(22)	5		(5)	(5)	-
		-	1,766	(27)	(22)	1,717	-	(1,717)	(1,717)	-
Others, Uranium Properties										
Mining properties	100	14,280	14,980		-	29,260		-	-	29,260
Exploration costs		1,561	32,908		(14,782)	19,687		(1,041)	(1,041)	18,646
		15,841	47,888	-	(14,782)	48,947	-	(1,041)	(1,041)	47,906
Total Uranium properties		1,880,299	365,430	(27)	(64,528)	2,181,174	(74,604)	(70,897)	(145,501)	2,035,673
Total Nunavik		3,901,498	5,341,061	(32,593)	(1,721,082)	7,291,841	(74,604)	(70,897)	(145,501)	7,146,340

Exploration properties (continued) **James Bay**	**Undivided interest** %	**Cost as at September 1, 2010** $	**Additions** $	**Option payments** $	**Tax credit** $	**Cost as at November 30, 2010** $	**Accumulated impairment as at September 1, 2010** $	**Impairment** $	**Accumulated impairment as at August 31, 2011** $	**Net book amount as at August 31, 2011** $
Opinaca A-A East										
Mining properties	50	8,460	-		-	8,460			-	8,460
Exploration costs		6	3,784		(529)	3,261			-	3,261
		8,466	3,784	-	(529)	11,721	-	-	-	11,721
Opinaca B-B North										
Mining properties	50	4,500	-		-	4,500			-	4,500
Exploration costs		6	2,574		(6)	2,574			-	2,574
		4,506	2,574	-	(6)	7,074	-	-	-	7,074
Eleonore South										
Mining properties	29.4	-	-		-	-			-	-
Exploration costs		4,238	479		(207)	4,510			-	4,510
		4,238	479	-	(207)	4,510	-	-	-	4,510
Opinaca D										
Mining properties	100	12,480	10,080	(22,560)	-	-			-	-
Exploration costs		3,235	6,815	(3,235)	(2,947)	3,868			-	3,868
		15,715	16,895	(25,795)	(2,947)	3,868	-	-	-	3,868
Eastmain W										
Mining properties	100	3,895	6,028			9,923			-	9,923
Exploration costs		12,428	162,696		(23,000)	152,124			-	152,124
		16,323	168,724	-	(23,000)	162,047	-	-	-	162,047
Wabamisk										
Mining properties	49	-	-		-	-			-	-
Exploration costs		4,632	4,587		(1,786)	7,433			-	7,433
		4,632	4,587	-	(1,786)	7,433	-	-	-	7,433
Total James Bay		53,880	197,043	(25,795)	(28,475)	196,653	-	-	-	196,653
Total mining properties		3,955,378	5,341,061	(58,388)	(1,749,557)	7,488,494	(74,604)	(70,897)	(145,501)	7,342,993

	Three months period ended November 30, 2011 $	Three months period ended November 30, 2010 $
Balance – Beginning of the period	7,561,643	3,880,774
Exploration and evaluation incurred during the period		
Claims and permits	10,976	291,311
Geological surveys	313,174	177,240
Geochemical surveys	118,933	70,472
Geophysical surveys	596	57,330
Drilling	161,179	-
Administration and others	2,265	-
Depreciation of property and equipment	80,826	46,927
Variation of advance for exploration work	(218,650)	50,000
	469,299	693,280
Credit on duties refundable for loss and refundable tax credit for resources	(252,800)	-
	(252,800)	-
Balance – End of the period	7,778,142	4,574,054

7 Convertible debentures

Unsecured convertible debentures

	Liability component	Equity component $	Total $
As at August 31, 2011	296,117	47,889	344,006
Reimbursement in units	(300,000)	(47,889)	(347,889)
Accretion expense on convertible debentures	3,883	-	3,883
As at November 30, 2011	-	-	-

8 Warrants

The following table reflects the continuity of warrants for the period ended November 30, 2011:

	Number	Carrying value $	Weighted average exercise price $
Outstanding – August 31, 2011	4,573,217	735,046	1.13
Issued	256,271	43,823	0.76
Exercised	(1,439,435)	(246,580)	0.67
Expired	(26,556)	(4,565)	1.03
Outstanding – November 30, 2011	3,363,497	527,724	1.31

A total of 629,629 warrants were exercised by two directors for total proceeds of $409,259 in exchange of common shares of the Company. In December 2011, a total of 696,833 warrants were expired.

9 Expenses by nature

	Three months ended November 30,	
	2011	**2010**
	$	**$**
Salaries and fringe benefits	61,790	85,741
Professional and maintenance fees	8,209	13,794
Administration and office	41,443	34,508
Travelling and entertainment	20,510	3,231
Depreciation of property and equipment	3,047	3,115
Amortization of intangible assets	1,061	345
Part XII.6 tax	-	(194)
Stock-based compensation	-	1,500
General and administrative expenses	136,060	142,040
Salaries for search of properties	17,337	43,400
Credit on duties refundable for loss and refundable tax credit for resources	(6,900)	-
General exploration	10,437	43,440
Interest income	(9,047)	(5,177)
Interest on debentures	8,498	28,492
Interest and bank charges	482	300
Finance costs, net	(67)	23,615

10 Subsequent events

On December 13, 2011, the option agreement concluded on December 13, 2010, with Dynasty Gold Corp for the Opinaca D property in the James Bay region, was terminated.