Pacific North West Capital Corp.

FORM 51-102F1

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

FOR

PACIFIC NORTH WEST CAPITAL CORP.

FOR THE FISCAL YEAR ENDED 30 APRIL 2011

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is Management's assessment of the results and financial condition of Pacific North West Capital Corp. (the "Company" or "PFN") for year ended 30 April 2011 and should be read in conjunction with the corresponding consolidated financial statements and the related notes. The date of this Management Discussion and Analysis is 18 July 2011. Additional information on the Company is available on SEDAR at www.sedar.com.

BUSINESS OF PACIFIC NORTH WEST CAPITAL CORP.

PFN is a mineral exploration company focused on the acquisition, exploration and development of platinum group metals (PGMs), precious and base metals properties. Management's corporate philosophy is to be a project generator, explorer and project operator with the objective of forming options and/or joint ventures with major mining companies through to production. PFN has begun the evaluation of several potential property acquisitions, including precious and base metal production opportunities. A wholly-owned US and Mexican subsidiary, Pacific North West Capital Corp. USA and Pacific North West Capital de México, S.A. de C.V., respectively, are being maintained for future acquisition.

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Project Overview:

ROCK & ROLL PROPERTY, BRITISH COLUMBIA

On 28 July 2009, the Company obtained an option from Misty Creek Ventures Ltd. (Misty Creek Ventures Ltd. was dissolved in January 2010 and its interest was transferred to Equity Exploration Consultants Ltd.), First Fiscal Enterprises Ltd. and Pamicon Developments Ltd. (collectively the "Vendors") on the Rock & Roll property (the "Property"), located in the Liard Mining District approximately 9 km west of the Bronson airstrip and 37 kilometres ("km") from the Eskay Creek Mine Road in northern British Columbia. Under the terms of the Agreement, PFN can earn a 100% interest in the Property over a four year period by completing $2,000,000 in exploration expenditures, paying the Vendors $130,000 and providing the Vendors with a total of 600,000 PFN shares. The Vendors will retain a 2% net smelter return royalty ("NSR"), of which 1% can be purchased for $3,000,000. The Property is also subject to an underlying NSR of 2%, and an underlying NPI of 15%, both of which are payable to Prime Equities International Corporation, and both of which are purchasable in their entirety for $1,500,000 each.

The Rock & Roll Property hosts precious metals rich in volcanogenic massive sulphide (VMS) mineralization in a volcano-sedimentary host rock package of Triassic age. As such, the mineralization shows similarities to the gold and silver rich mineralization of Barrick Gold's past-producing Eskay Creek mine. Known mineralization on the Rock & Roll Property occurs in multiple stacked sulphide lenses in two zones, the Black Dog and SRV zones, over a strike length of approximately 950 m. A total of approximately 14,000 m of core drilling in 110 drill holes was completed on the property from 1991 to 1997. Only six drill holes tested the host stratigraphy outside of the known mineralization, but at least 5km of strike length of the prospective lithologies is present on the property. There is the potential for additional mineralization along strike and at depth, as historic drilling tested the known mineralization down to depths of only about 160 m.

The 2009 exploration program included a 350 line km, AeroTem3, helicopter-borne magnetic/electromagnetic survey conducted by Aeroquest Limited and a drilling program consisting of a total of 540 m of core drilling completed in five holes. The first four holes were designed to test gaps in the historic drilling on the Black Dog Zone in order to establish the degree of continuity of the mineralization and to confirm the historic geological model. Each of the infill drill holes encountered the target mineralization, confirming the continuity of the sulphide lenses and the validity of previous geological interpretations. The table below illustrates selected assay results from this drill program. (gold

(“Au”) and silver (“ Ag”) in grams per tonne (“g/t”). Copper (“Cu”), lead (“Pb”) and zinc (“Zn”) in percent (%).

Hole Number	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t	Cu %	Pb%	Zn%
RR09-105	76.03	77.9	1.87	0.78	84.6	0.24	0.21	0.89
including	76.77	77.9	1.13	1.14	120.4	0.32	0.30	1.23
RR09-106	62.26	64.3	2.04	0.40	72.2	0.27	0.24	1.63
including	62.26	63.01	0.75	0.90	177.7	0.60	0.63	4.23
RR09-107	39.32	58.73	19.41	0.53	57.9	0.19	0.24	0.91
including	39.32	42.46	3.14	1.31	296.2	0.46	1.25	3.99
RR09-108	46.88	85.59	38.71	0.28	18.3	0.13	0.05	0.72
including	62.74	75.71	12.97	0.40	28.0	0.21	0.06	1.07
RR09-109	No Significant Assays							
	*Interval represents apparent thickness not true thickness							

The final drill hole of this program tested a strong electromagnetic anomaly that was thought to represent the westward continuation of the Black Dog Zone. Drilling at this location failed to return any significant assays.

Further investigations are required to test for a westward extension of the main zones of mineralization.

The 2009 work program on the property was also designed to provide an initial evaluation of the validity of historic assay data. A total of twenty-one samples from five different historic drill holes were obtained for comparison with the original assays. In most cases the samples were taken from the same core interval as the original samples.

Overall historic assay results have been confirmed, and the Company can now embark on a systematic re-sampling of historic core to provide a statistical comparison of the historic assay data with modern data. Commencement of the 2010 Rock and Roll exploration program was announced on September 27th 2010. This program primarily focused on continuation of re-sampling previous drill core, coupled by geological mapping/prospecting that investigated airborne geophysical survey conductors and geological and geochemical targets. The fieldwork was supported by further compilation of data from the 1990-97 programs and the incorporation of new geological interpretations formulating in conjunction with members of the British Columbia Geological Survey.

The Rock & Roll Report, commissioned by Alto and PFN, and filed on 1 June 2011 on the Company’s Form 6-K, included a new NI 43-101 compliant mineral resource estimate for the Black Dog Deposit. The resource estimate incorporated the mineralized zones of the historic drill core and the 540 m (1772 ft) of the five diamond drill holes that were completed by PFN in 2009/2010. Through this work, PFN significantly increased the resources contained within the Black dog deposit over the previous resource estimate, completed prior to the implementation of the NI 43-101 standards of disclosure.

The NI43-101 compliant mineral resource estimate in the “indicated” category consists of 2,155,679 tonnes grading 0.68 g/t Au (47,040 contained oz of Au), and 82.7 g/t Ag (5,734,445 contained oz of Ag) at a gold-equivalent cut-off grade of 0.5 g/t. The deposit also contains 0.22% Cu (10,500,833 lbs Cu), 0.22% Pb (10,399,960 lbs Pb), and 0.94% Zn (44,522,995 lbs Zn) or 3.11 g/t gold equivalent (“AuEq”) for an additional 215,239 oz of Au Eq at the 0.5 g/t AuEq cut-off. The AuEq grade is based on $1000/oz Au, $15.80/oz Ag, $2.92/lb Cu, $0.86/lb Pb and $0.86/lb Zn. Tables bellow give the mineral resource estimate for the Black Dog deposit at varying cut-off grades.

The Black Dog massive sulphide deposit is part of a larger area that includes the SRV Zone hosting precious metal-rich volcanogenic massive sulphide (VMS) mineralization. These occurrences display similarities to other precious metal-rich deposits such as Eskay Creek (50 km to the east-southeast), Greens Creek, and other deposits of the Canadian Cordillera. The mineralization on the Rock &Roll property is hosted by graphitic argillite to siltstone. The Black Dog and SRV zones are dominated by massive pyrrhotite with blebs and lenses of chalcopyrite and sphalerite. Massive pyrite-sphalerite forms finely laminated lenses locally, with minor pyrrhotite, galena and chalcopyrite.

Indicated Mineral Resources, consistent with CIM definitions required by NI43-101, are reported at various cut-off grades in Table 1 (for Au and Ag) and Table 2 (for Cu, Pb, Zn and gold equivalent values). Inverse distances squared interpolation restricted to mineralized domains were used to estimate gold (grams/tonne Au), silver (grams/tonne Ag), copper (% Cu), lead (% Pb), and zinc (% Zn) grades into the block models. Gold, silver, copper, lead and zinc content were combined into a gold equivalent value (using to the prices given above) for resource reporting.

A $1.8 million Phase I Program is recommended in the report for further exploration at the Black Dog zone which includes initial metallurgical testing, baseline environmental work and a major diamond drilling program. The relatively shallow dips of the stratigraphy and conductive cover material have hampered exploration efforts in the past. Diamond drilling is recommended to test the conductive horizons for new mineral occurrences and also to extend the known mineralization at the Black Dog and SRV zones that are open along strike and down dip.

Gold and Silver Indicated Mineral Resource Estimate at various gold-equivalent cut-off grades. Metallurgical recoveries and net smelter returns are assumed to be 100%

Cut-off Grade (AuEq)		Au (g/t)		Ag (g/t)	
	Tonnes	Grade	Ozs	Grade	Ozs
(<0.1 g/t)	2,323,914	0.63	47,447	77.3	5,772,447
0.1 g/t	2,313,908	0.64	47,439	77.6	5,771,665
0.2 g/t	2,306,878	0.64	47,426	77.8	5,770,882
0.3 g/t	2,274,353	0.65	47,351	78.9	5,766,679
0.4 g/t	2,233,002	0.66	47,267	80.2	5,757,123
0.5 g/t	**2,155,679**	**0.68**	**47,040**	**82.7**	**5,734,445**
1.0 g/t	1,750,810	0.80	44,816	98.5	5,544,329
2.0 g/t	1,062,074	1.10	37,735	142.5	4,865,715
5.0 g/t	411,040	1.83	24,145	245.4	3,243,604
10 g/t	120,312	2.42	9,360	370.0	1,431,457
20 g/t	380	2.56	31	861.5	10,539

Copper, Lead, Zinc and gold equivalent Indicated Mineral Resource Estimate at various gold-equivalent cut-off grades

Cut-off Grade (AuEq)	% Copper		% Lead		% Zinc		AuEq* (g/t)	
	Grade	Lbs	Grade	Lbs	Grade	Lbs	Grade	OZS
(<0.1 g/t)	0.21	10,651,314	0.20	10,463,564	0.88	45,017,727	2.91	217,165
0.1 g/t	0.21	10,650,819	0.21	10,463,379	0.88	45,017,117	2.92	217,143
0.2 g/t	0.21	10,647,500	0.21	10,462,485	0.89	45,012,493	2.93	217,103
0.3 g/t	0.21	10,622,387	0.21	10,458,203	0.90	44,959,790	2.97	216,839
0.4 g/t	0.22	10,583,583	0.21	10,444,555	0.91	44,847,493	3.01	216,383
0.5 g/t	0.22	10,500,833	0.22	10,399,960	0.94	44,522,995	3.11	215,239
1.0 g/t	0.25	9,723,922	0.26	9,965,894	1.09	42,175,520	3.65	205,360
2.0 g/t	0.32	7,489,082	0.37	8,567,229	1.48	34,648,655	5.08	173,396
5.0 g/t	0.48	4,308,215	0.60	5,449,599	2.25	20,426,367	8.33	110,070
10 g/t	0.59	1,566,943	0.91	2,416,873	3.09	8,199,986	11.79	45,618
20 g/t	0.61	5,074	1.88	15,748	4.90	41,050	21.34	261

RIVER VALLEY, ONTARIO

The River Valley mineral claims are located in the Sudbury Region of Ontario. PFN optioned the River Valley claims following the discovery of highly anomalous PGM values in grab samples in the Dana Lake and Azen Creek areas. By an agreement dated 15 January 1999 and amended 11 March 1999 (collectively, the “Agreement”), the Company acquired a 100% interest in the River Valley claims from Bailey Resources Ltd., Luhta Resources Ltd. and Pardo Resources Ltd. by issuing 600,000 common shares of PFN and $265,000 cash (paid). The River Valley claims are subject to a total 3% NSR, of which PFN can purchase up to 2% of the NSR from the vendors for $2,000,000.

On 14 July 1999, PFN entered into an unincorporated 50/50 joint venture agreement (“JV”) over the River Valley property with Kaymin whereby Kaymin was responsible for funding all exploration to completion of a feasibility study, which would give Kaymin an additional 10% interest. In addition, if Kaymin arranged financing for a mine, it would receive another 5% interest, for a total interest of 65%.

Kaymin continued to fund exploration under the terms of JV until 2007and invested over $22M in the exploration of the property; however, as a result of capital expenditure reductions during the global financial crisis in 2008, no new funds were allocated to the River Valley Project above and beyond the minimal holding costs.

An additional $150,000 budget was allocated to fund a detailed geochemical study of the River Valley mineralization was conducted by Dr. Reid Keays of Monash University, Melbourne, Australia. Dr. Keays is an expert in the geochemistry of Ni and PGM deposits. Re-sampling of selected River Valley drill holes was completed in January, 2009, and of the 336 samples were submitted to the Ontario Geoscience Laboratories for analytical work, 154 results have been received to date. In order to improve economy modelling of the deposit the study examined the full suite (Pt, Pd, Rh, osmium, iridium, and ruthenium) PGM content of the ore, and determined the relationship of rhodium (“Rh”), iridium and ruthenium concentration from Pt and Pd. The results of the study are expected in late 2011.

Included in the River Valley PGM Project are the following:

i) River Valley Property, Ontario

By agreement dated 15 January 1999 and amended 11 March 1999, the Company acquired a 100% interest in 226 claim units, known as the River Valley Property, located in the Dana and Pardo Townships, Sudbury Mining District, Ontario. As consideration, the Company paid $265,000 and issued 600,000 common shares to the optionors. In addition, minimum annual exploration expenditures of $100,000 were completed. The property is subject to a 3% NSR. The Company, at its option, can purchase up to 2% of the NSR from the vendors for $2,000,000.

ii) Goldwright Property, Ontario

By agreement dated 30 June 1998 and subsequently amended, the Company earned a 25% interest in certain mineral claims known as the Janes property, located in the Janes Township, Sudbury Mining District, Ontario. Certain claims are subject to a 2% NSR.

iii) Razor Property, Ontario

The Company acquired a 100% interest in certain mineral claims located in the Dana Township, Sudbury Mining District, Ontario for consideration of $30,000. The property is subject to a 2% NSR.

iv) Western Front Property, Ontario

By agreement dated 16 November 2001, the Company earned a 70% interest in certain mineral claims known as the Western Front property from a company (the "optionor") with certain directors in common, for consideration of $55,000 and issuance of 20,000 shares. In addition, an exploration expenditure of $50,000 was completed.

The Company has the right to purchase an additional 30% interest in the property by paying $750,000 to the optionor.

The property is subject to a 3% NSR, the first 1% of which the Company can purchase for $1,000,000; the second 1% can be purchased for $2,000,000. The Company and the optionor will share the NSR buyout privileges in proportion to their respective interests.

By way of a Mineral Interest Assignment Agreement dated for reference 13 December 2010, as amended on 6 April 2011 ("Assignment Agreement"), PFN completed the purchase from Kaymin of Kaymin's 50% interest in the River Valley claims, providing PFN with an undivided 100% interest in the River Valley PGM Project. Under the terms of the Assignment Agreement, Kaymin exchanged its 50% interest in the JV, for a 12% interest in PFN, based on the issued and outstanding common shares of PFN as of 30 November 2010 (67,643,008 common shares). The aggregate purchase price for the 50% interest in the River Valley PGM project was**:**

a. 8,117,161 fully paid and non-assessable common shares of PFN (issued); and
b. three-year warrants exercisable to purchase 3,000,000 common shares of PFN at a price of $0.30 per common share (issued).

Post JV Partnership (2011 Exploration Programs)

In April 2011 PFN commenced a $1,000,000 exploration program on its 100%- owned River Valley project. Phase IA, consisting of 3,724 m (15 holes) of drilling was completed on the Dana Lake area in late May 2011. The exploration program is utilizing one drill rig, which is systematically drilling off sections spaced at approximately 25m intervals through the +900m long, north-south trending Dana Lake deposit. Phase IA drilling confirmed the presence of significant PGM, associated with disseminated sulphide mineralization at the Dana North Area.

The target at Section 10350 was tested with one fence of four holes. Holes DN003-2011 and DN004-2011 of this fence showed extensive mineralization assaying 1.8 gt over 65 m (0.05 opt over 213.3 feet) and 2.8 gt 3E over 34 m (0.08 opt over 111.5 feet), respectively. The table below illustrates significant drill intervals in the first four holes.

All samples were assayed by SGS Laboratories. Assay results from mineralized core intersections are reported below.

Phase IA included the collection of approximately 60 line-km of 3D Induced Polarization ground geophysical data. These surveys have being conducted to generate additional drill targets and to enhance the targeting along a portion of the 9 km prospective horizon located at the contact of the River Valley Intrusion. PFN plans to expand the geophysical survey coverage and complete these surveys in four different phases to cover the prospective zones over the entire 9 Km strike length.

Hole No.	From (m)	To (m)	Length of the Intersect (m)	Length of the Intersect (feet)	Pt (gt)	Pt (opt)	Pd (gt)	Pd (opt)	Au (gt)	3E (gt)	3E (opt)	Ni (%)	Cu (%)	Rh
DN001-2011	**123**	**173**	**50**	**164.0**	**0.26**	**0.008**	**0.77**	**0.022**	**0.05**	**1.1**	**0.03**	**0.02**	**0.09**	**Results Pending**
Including	*123*	*134*	*11*	*36.1*	*0.37*	*0.011*	*1.11*	*0.033*	*0.07*	*1.55*	*0.05*	*0.02*	*0.09*	
Including	*141*	*153*	*12*	*39.4*	*0.31*	*0.009*	*0.90*	*0.026*	*0.05*	*1.26*	*0.04*	*0.02*	*0.11*	
Including	*159*	*173*	*13*	*42.7*	*0.28*	*0.008*	*0.83*	*0.024*	*0.06*	*1.18*	*0.03*	*0.03*	*0.12*	
DN002-2011	**114**	**179**	**65**	**213.3**	**0.32**	**0.009**	**0.95**	**0.028**	**0.06**	**1.3**	**0.04**	***0.02***	***0.10***	
Including	*146*	*158*	*12*	*39.4*	*0.43*	*0.013*	*1.30*	*0.038*	*0.08*	*1.82*	*0.05*	*0.03*	*0.14*	
Including	*173*	*179*	*6*	*19.7*	*0.74*	*0.022*	*2.34*	*0.068*	*0.12*	*3.20*	*0.09*	*0.02*	*0.12*	
DN003-2011	**50**	**115**	**65**	**213.3**	**0.42**	**0.010**	**1.29**	**0.038**	**0.08**	**1.8**	**0.05**	***0.03***	***0.13***	
Including	*50*	*59*	*9*	*29.5*	*0.98*	*0.029*	*3.09*	*0.090*	*0.18*	*4.25*	*0.12*	*0.03*	*0.22*	
Including	*72*	*84*	*12*	*39.4*	*0.59*	*0.017*	*1.76*	*0.052*	*0.11*	*2.47*	*0.07*	*0.04*	*0.16*	
DN004-2011	**29**	**63**	**34**	**111.5**	**0.66**	**0.020**	**2.00**	**0.060**	**0.12**	**2.8**	**0.08**	***0.03***	***0.16***	
Including	*29*	*40*	*11*	*36.1*	*1.12*	*0.033*	*3.40*	*0.099*	*0.18*	*4.71*	*0.14*	*0.04*	*0.24*	
Including	*43*	*47*	*4*	*13.1*	*0.69*	*0.020*	*2.06*	*0.060*	*0.11*	*2.86*	*0.08*	*0.03*	*0.16*	

PFN plans to commence Phase IB Exploration during the summer 2011. The Phase IB exploration program will include:

- More than 80 line Km of 3D IP
- Approximately 3500 m drilling
- Initialization of environmental baseline studies

Drilling program will focus on three main objectives:

1) Testing deeper targets that were generated to follow the footwall mineralization down dip
2) Testing near surface mineralized zones not yet fully evaluated
3) Testing new drilling targets found outside of the contact by the geophysics survey (3D IP)

The Phase IB drilling campaign will continue to build on the results from Phase IA and will include the addition of newly available airborne geophysical survey technology. The mineralized footprint at River Valley remains unconstrained in all directions; therefore, the program will also include on-going condemnation drilling to test the limits of the known mineralization.

SARGESSON AND KELLY/DAVIS PROPERTIES, ONTARIO

The Company acquired a 100% interest in certain mineral claims, known as the Sargesson and Kelly/Davis properties, located in the Janes, Davis and Kelly Townships, Sudbury Mining District, Ontario. As consideration, the Company paid $68,400 and incurred $30,000 in exploration expenditures.

The property is subject to a 2% NSR. The Company can purchase 1% of the NSR from the vendors for $400,000 and has the right of first refusal on the remaining 1% NSR.

COLDWELL, ONTARIO

In 2007, the Company acquired 91 mineral claims (20,254 ha) by staking in the Coldwell area near Marathon, Ontario. The claims cover parts of the Coldwell alkaline intrusive complex, which also hosts the Marathon PGM deposit.

Airborne geophysical and lake bottom sediment surveys were completed in 2007. The goal of these surveys was to identify targets for follow-up ground evaluation in 2008. Prospecting and a soil geochemical survey were completed in 2008. This work did not identify any significant mineralization.

The Company allowed the Coldwell claims to lapse in July and August 2010.

GOODCHILD, ONTARIO

During the year ended 30 April 2009, the Company acquired 28 mineral claims (6640 ha) by staking in the north east of the Coldwell Area near Marathon, Ontario. These claims were incorporated into the Coldwell project as described in the preceeding section.

As with the Coldwell Project; the Company allowed the Goodchild claims to lapse in February 2010.

SWAYZE JOINT VENTURE, ONTARIO (OLD: NICKEL MUIR, ONTARIO)

In 2007 the Company acquired claims by staking in Kenogaming Township (in the Swayze Greenstone Belt), Ontario. On 12 February 2008, the Company entered into a three-year joint venture agreement with Benton Resources Corp. to evaluate the claims that both parties held in the Swayze Greenstone Belt. It was proposed that the exploration budget over the three years would be $1,200,000 with the first year's budget of $400,000. Total holdings in the Swayze area include 3 properties totaling 8,544 hectares.

Any additional claims acquired in the Swayze Greenstone Belt would be included in the joint venture. Each company would participate in working the properties as a 50:50 joint venture. Expenditures and programs on the properties to be determined by an annual joint management committee meeting.

In 2008, and airborne survey was completed over claims in Tooms Township that form part of the Swayze joint venture property. In addition, prospecting and mapping were completed on the Tooms and Heenan Township properties. In late 2008, a small (500 m) drill program was completed on the Heenan Township property. This work did not identify significant mineralization.

On 5 May 2009, the joint venture was terminated. The Company allowed the Swayze claims to lapse in January 2010 and has no further plans for this project.

RAGLAN HILLS JOINT VENTURE, ONTARIO (OLD: SOUTH RENFREW, ONTARIO)

The Company staked 6 claims (1024 ha) in Raglan Township within the Raglan meta-gabbro mafic complex in June 2006.

The property covers at least one historical nickel copper showing within a sulphide zone that is approximately 155 m long and 6 to 15 m wide. Reconnaissance prospecting, sampling and geochemical soil programs have been initiated over the property, as well as the historical showing areas.

In 2007 the Company entered into a 50/50 joint venture agreement with First Nickel to evaluate the claims as well as their adjoining claims (1728 hectares) as one property. Expenditures and programs on the project were determined by an annual joint management committee meeting.

In 2008 an airborne magnetic and electromagnetic survey was completed on the Raglan Hills property. This was followed by mapping and prospecting in the vicinity of anomalies generated by the airborne survey.

Due to the downturn in commodity prices, PFN informed First Nickel that it would not be participating in the funding of a 2009 exploration program and as a result the Company's participating interest has been decreased. As per the joint venture agreement with First Nickel, the Company's participating interest was converted to a 1.5% NSR over the Raglan Hills property.

EAST SUDBURY, ONTARIO

During the year ended 30 April 2009, the Company acquired 124 mineral claims (1,638 units – 26,208 hectares) by staking in the Sudbury area of Ontario.

In September 2009, the Company entered into a purchase agreement with Trueclaim Exploration Ltd. ("Trueclaim") whereby Trueclaim would purchase 100% ownership of certain claims that formed part of the East Sudbury property for a 1.5% NSR and 50,000 Trueclaim shares.

In September 2009 the property was reduced from 128 claims to 60 claims and from then through December 2009 an additional 56 claims were lapsed. The Company allowed the balance of the claims remaining to lapse in August 2010.

NORTH DULUTH, ONTARIO

In 2007 the Company acquired 10 mineral claims (81 units – 1296 hectares) in the Crystal Lake Area south of Thunder Bay, Ontario and completed an airborne magnetic-electromagnetic survey over the property. The survey did not identify any significant targets for follow-up work and in February 2009, the property was reduced to 8 claims.

In February 2010, the remaining claims lapsed.

GLITTER LAKE, QUÉBEC

The Company entered into an option agreement dated 15 August 2003, as amended 30 April 2006, with CanAlaska Uranium Ltd. ("CanAlaska") whereby the Company could earn a 50% interest in the mineral claims knows as the "Glitter Lake Property", located in Québec.

The Glitter Lake property consists of 63 unpatented mining claims totalling 1,008 hectares. The claims are owned 100% by PFN, and carry expiry dates of 24 June 2011. Work requirements are $750 per claim. The claims are situated along the trend of the gabbroic sill that hosts the Horden Lake Cu-Ni deposit and form two groups, one situated to the southwest of the Horden Lake property, the other to the northeast.

The Glitter Lake claims surround, and extend along strike from, the Horden Lake Copper-Nickel deposit, which hosts an indicated resource of 8.8 million tonnes ("Mt") at 0.88% copper ("Cu") and 0.21% Nickel ("N")i, and an inferred resource of 7.8Mt at 0.87% Cu and 0.25% Ni (Southampton Ventures Inc., Press Release, March 2nd 2009).

The principal exploration target on the Glitter Lake Property is remobilized magmatic Cu-Ni sulphide mineralization along the contact of the metagabroic intrusion that hosts the Horden Lake deposit. Of particular interest is the potential for relatively high-grade Cu mineralization that could be used to augment the high grade, but relatively low tonnage portion (indicated resource of 2.4 Mt at 1.37% Cu, 0.25% Ni, and inferred resource of 2.0 Mt at 1.34% Cu, 0.34% Ni) of the Horden Lake deposit.

On 1 April 2008 the Company signed an amended agreement with CanAlaska whereby in order to maintain the option, a total of $200,000 was to be spent by 15 April 2009 with an additional $300,000 to be spent by 15 April 2010. PFN has completed exploration expenditures in the amount of $248,891 fulfilling its 2003 and 2007 exploration commitments.

On 30 January 2009, PFN and CanAlaska signed an amendment to the option agreement whereby CanAlaska has assigned a 100% interest in the Glitter Lake Property to PFN in consideration of PFN assuming CanAlaska's remaining lease obligation of approximately $83,600 with respect to its Kerrisdale office location to the end of the lease term in November 2010. CanAlaska retains a 0.5% NSR interest in the property along with the existing royalty agreement with the original prospectors of 1.5%. The original option agreement has thus been terminated.

A joint venture partner is being sought to further explore the Glitter Lake Property.

FIEDMONT, QUÉBEC

On 16 December 2008, the Company entered into an option agreement with Kinbauri whereby the Company could earn a 60% interest in 40 of Kinbauri's 84 claims covering approximately 3,458 ha, known as the Fiedmont PGM property, subject to a 2% NSR held by the original vendors. The vendor's NSR is subject to a 1.0%, $900,000 buyback, to earn a 60% interest.

Under the terms of the Agreement, the Company would pay Kinbauri an aggregate amount of $98,000, issue 150,000 common shares to Kinbauri and expend $400,000 on exploration prior to 30 November 2010 to earn its interest. The Company's first year commitment was mandatory and included payment to Kinbauri of $38,000 (paid), issuance of 50,000 shares (issued, valued at $4,500), and expenditures of $150,000 (incurred) on exploration prior to 30 November 2009.

The Fiedmont property hosts PGM mineralization in sulphide zones associated with the contacts of the intrusion. Showings have returned values grading up to 6 grams per tonne ("g/t") Pt+Pd, and drill hole intersections include up to 1.5 g/t Pt+Pd over 5 meters ("m"). The property has seen very little work since its discovery in 2002. The Company completed an initial drill program targeting potential extensions of the known mineralization in March, 2009.

No significant assay results were obtained from the drilling program, and the option agreement was terminated in October of 2009.

SOQUEM –TAUREAU & CHENNEVILLE PROJECTS, QUÉBEC

On 28 July 2006 the Company signed a 50/50 Cooperation Agreement with SOQUEM Inc. ("SOQUEM") in order to conduct research on platinum properties in the southern portion of the Province of Québec, Canada, in a designated Area of Mutual Interest ("AMI"), with the objective of identifying viable properties for further exploration. PFN and SOQUEM would pool staffing and funding resources, and share all technical data pertaining to properties located within the AMI, with each party having equal representation of two members each on a technical committee, responsible for setting programs, budget and schedule. SOQUEM acted as Manager. The first exploration program agreed upon between the parties was budgeted at $250,000 and was completed by the end of 2006.

In the event that a viable property was identified, the parties would contribute jointly to all staking and acquisition costs, or, if one party elected to do so independently, would do so at its own expense. In that event, the other party was granted the right of first refusal to acquire a 50% interest in the property. Exercise of this right would result in the creation of a new joint venture agreement between the parties for the newly acquired property.

The 2006 program's assay results (1.17gpt Pd, 0.14gpt Pt, 0.29gpt Au, 1.62% Cu, and 0.35% Ni) from the Taureau evaluations justified staking a mafic intrusive and the flying of an airborne EM survey. Several magnetic bodies with associated conductors were identified, and additional claims were acquired in these areas.

In 2007, work programs continued to evaluate mafic intrusives in the AMI. The conductor trends identified from the airborne survey in the Chenneville area were staked (254 mineral claims – 15,200 hectares) and evaluated. The Chenneville Project was initiated to follow-up on the PGE-Cu-Ni mineralization located in 2006. Additional follow-up ground work on the Taureau and Cheneville project areas was completed in 2009, culminating with a 500 m drill program on the Cheneville property. No significant mineralization was identified during the course of the foregoing investigations.

Both parties agreed to abandon the entire Chenneville property since the fieldwork did not give the significant results expected and the Company and Soquem agreed to terminate the Taureau and Chenneville joint venture in August 2009.

DESTINY GOLD PROPERTY, QUÉBEC

On 14 August 2009, the Company entered into an option agreement with Alto Ventures Ltd. ("Alto") to acquire the Destiny Gold Project (formerly the Despinassy Project) consisting of 175 mining claims totalling 7260 ha.

Under the terms of the Option Agreement with Alto, PFN will pay Alto $200,000 ($100,000 paid), provide Alto with 250,000 common shares of PFN (75,000 common shares issued), and complete a total of $3,500,000 in exploration expenditures over a four year period to earn a 60% interest in the Destiny Gold property. Subsequent to vesting of its interest, PFN will form a joint venture with Alto to further develop the project. Certain claims comprising the property are subject to underlying net smelter return royalties ranging from 1% to 3.5%, with varying buy-back provisions.

The Destiny Gold Project is located approximately 75 km north of Val d'Or in the Abitibi-Témiscamingue region of Québec. The property is road accessible, and excellent mining infrastructure and support facilities are available in nearby Val d'Or.

The Destiny Gold property is underlain by Archean metavolcanic and metasedimentary rocks of the Abitibi Greenstone Belt. A regional scale structure, the Despinassy shear zone, transects the property. High grade gold mineralization occurs in quartz veins and alteration zones associated with this structure. Mineralization has been identified in several locations along the Despinassy shear zone on the property over a strike distance of about 4 km.

The main area of mineralization, the DAC zone, occurs over a strike length of about 600 m. In this area, four to five identifiable intervals of quartz veining and shear-related alteration zones carry high-grade gold mineralization, with drill intersections ranging up to 178.5 g/t Au over a drill width of 1.0 m.

The DAC zone hosts a NI 43-101 compliant indicated resource of 166,863 tonnes grading 6.88 g/t Au (36,892 oz) and an inferred resource of 444,753 tonnes grading 4.46 g/t Au (63,839 oz) as calculated by W.A. Hubacheck Consultants Ltd. in "A Resource Estimate of the DAC Gold Deposit, Despinassy Twp., Val d'Or, Quebec," dated 9 January 2007, and incorporated into the NI 43-101 compliance "Technical Report and Resource Estimation of the DAC Deposit, Destiny Property, Québec" (the "Destiny Tech Report") for Alto and PFN, dated 1 March 2011, by Todd McCracken, P.Geo. of Wardrop, a Tetra-Tech company (the,"Wardrop Report"). The Wardrop Report can be read in its entirety under PFN's profile on SEDAR at www.sedar.com. The DAC zone is open along strike and at depth. The occurrence of high-grade mineralization at the Darla and 20 and 21 zones to the east clearly indicates that the mineralizing system occurs across a significant portion of the property.

The Phase 1 program was completed on 22 December 2009 and consisted of 5,600m of drilling in 14 holes. Results from the Phase I drilling program were very positive as they validated the deposit model and confirm continuity of gold mineralization between previous wide-spaced holes. Each of the holes targeting the DAC deposit intersected gold within multiple zones of shearing, strong alteration, quartz veins containing variable amounts of sulphides. Significant gold values were obtained in 100% of the holes drilled including high grade quartz veins containing up to 44.39 g/t Au and wide mineralized shear zones including 21.0 m averaging 1.39 g/t Au and another high grade quartz veins containing up to 16.43 g/t Au over 0.5 m (0.48 oz/ton) and averaging 0.51 g/t and 49.5 m averaging 0.36 g/t Au. Phase 1 confirmed the large size of the gold system at the DAC deposit.

The Phase II drilling program began 26 January 2010 and was completed in March 2010. The results from the Phase I and Phase II programs are incorporated into the extensive data base available for the Destiny project for the next stage of work, which may include diamond drilling. Drilling at the DAC Deposit continued to intersect multiple gold zones with high grade values over significant widths including DES10-137 which intersected 20.85 g/t Au over 1.1m within a vein zone that averages 8.46 g/t over 3.0m. This same hole intersected another gold zone containing 12.0 g/t Au over 0.5 m within a quartz-veined shear zone averaging 1.16 g/t Au over 6.6 m and a massive sulphide lens assaying 6.4% Zn over 1.0 m.

DES10-137 intersected a one metre wide zone of zinc-rich massive sulphides that is believed to be part of the same sulphide horizon from which base metal values were reported. Company believes that the base metals are indications of an earlier copper-zinc-gold massive sulphide system that has been subsequently overprinted by the gold enriched shear zones that are host to the DAC Deposit.

Table 1: Significant Gold Assays

Hole Number	From (m)	To (m)	With (m) *downhole	Au (g/t)
DES09-128	315.0	318.6	3.6	1.37
	458.1	458.6	0.5	2.99
DES09-129	257.7	266.0	8.3	1.10
	308.8	316.3	7.5	0.78
	407.0	407.5	0.5	16.43
DES09-130	299.2	312.6	13.4	0.7
	305.5	306.7	1.2	6.02
	354.4	374.2	19.8	0.53
DES09-131	94.6	119.9	25.3	0.51
	116.8	118.9	2.1	2.42
	131.0	170.5	49.5	0.36
DES09-134	124.8	135.3	10.5	0.41
	256.9	266.7	9.8	0.53
Includes	259.6	260.6	1.0	2.54
	316.7	332.8	16.1	0.28
DES09-135	355.75	368.0	12.25	2.85
Includes	357.25	357.75	0.5	12.69
Includes	365.5	366.0	0.5	51.66
	374.85	377.0	2.15	1.55
Includes	375.4	375.7	0.3	7.9
	386.65	391.0	4.35	0.74
Includes	389.15	390.15	1.0	2.34
	431.4	441.8	10.4	0.46
	446.5	70.35	23.85	0.36
	486.55	496.9	10.35	0.35
	527.1	530.0	2.9	3.35
Includes	527.1	527.75	0.65	12.84
DES09-136	451.0	463.3	12.3	0.9
Includes	460.9	461.5	1.6	3.59
DES09-137	216.3	227.6	11.3	0.92
Includes	226.8	227.6	0.8	4.0
	251.9	258.5	6.6	1.16
Includes	254.0	254.5	0.5	12.0
	371.0	374.0	3.0	8.46
Includes	372.9	374.0	1.1	20.85
DES09-138	22.0	44.0	22.0	0.39
New Vein	91.0	92.0	1.0	2.57

* Based on core angles and previous drilling, true widths are estimated at approximately 80 to 90% of the downhole lengths reported. Mineralized zones generally start at 0.1 g/t gold and assay averages may include minimal intervals of waste material. No top cuts of assays were used.

The results from the first 14 holes were very positive as they confirm continuity of gold mineralization between holes drilled previously, some of which were spaced from 100m to 200m apart.

The 2010 Destiny exploration program was completed in December 2010. A high resolution airborne magnetic survey was conducted along with borehole electromagnetic (BHEM) surveys that were designed to target massive sulphide mineralization.

Three drill holes were completed and each had a specific objective with respect to defining controls on the mineralization at the Destiny Gold Project. These are summarized as (1) to test selected BHEM conductors and assess the association of areas of sulphide mineralization with gold mineralization, and (2) to test for shallow gold mineralization to the south of the DAC deposit where the high resolution magnetic survey identified magnetic signatures similar to the DAC deposit.

Previous drilling revealed massive sulphide mineralized lenses locally adjacent to the gold mineralization. The companies interpreted these sulphide lenses as important to the gold mineralizing system and completed BHEM surveys in certain drill holes to trace the extent of the massive sulphide mineralization and to help guide drilling at depth.

The 2010 program also included the completion of the Wardrop Report, which incorporated over 7,600 m of additional drilling that was completed on the deposit subsequent to the earlier NI43-101 compliant resource estimate calculated by W. A. Hubacheck Consultants Ltd., for an updated NI43-101 compliant report with a resource estimate.

Indicated and Inferred resources have been determined for the DAC deposit. The deposit is made up of narrow high-grade gold-bearing quartz veins occurring within five parallel alteration zones. These alteration zones carry gold at lower grades than the quartz veins but are significantly wider. The Wardrop Report indicates that the additional drilling has expanded the DAC Deposit and significantly increased the contained ounces of gold.

At a cut-off grade of 0.5 g/t Au and using the Inverse Distance Squared (ID2) estimation method, the five gold zones contain an Indicated Resource of about 10.8 million tonnes with an average grade of 1.05 g/t Au (364,000 contained ounces). In addition, the Inferred Resource totals 8.3 Mt with an average grade of 0.92 g/t Au (247,000 contained ounces). Table 2 summarises the Resource Estimate at the 0.5 g/t cut-off.

Table 2: DAC Resource Estimation Summary (using ID2 method)

Class	Zone	Capping Grade (g/t)	Tonnes Above Capped Grade	Average Grade (g/t)	Average True Width (m)	Au Ounces
Indicated	1	7.53	1,395,600	0.84	16	37,760
	2	19.63	2,942,700	1.19	30	112,644
	3	6.66	1,370,700	0.99	12	43,675
	4	10.80	3,542,600	1.06	21	121,221
	5	14.00	1,573,900	0.97	15	49,231
	Total		**10,825,500**	**1.05**		**364,530**
Inferred	1	7.53	971,900	0.70	16	21,724
	2	19.63	1,841,100	1.06	30	62,487
	3	6.66	725,500	0.93	12	21,759
	4	10.80	3,085,300	0.89	21	88,767
	5	14.00	1,706,600	0.96	15	52,854
	Total		**8,330,400**	**0.92**		**247,590**

Table 3: DAC Resource Estimation Summary (using ID2 method)

Class	ID2 Cut-off (Au g/t)	Tonnes	Average Grade (Au g/t)	Contained Ounces Au
Indicated	0.2	24,275,300	0.65	509,960
	0.4	14,371,800	0.90	415,780
	0.5	10,825,500	1.05	364,530
	0.6	8,225,700	1.21	318,840
	0.8	5,359,200	1.48	255,370
	1.0	3,858,800	1.71	212,310
	1.5	1,820,100	2.26	132,490
	2.0	979,900	2.73	86,100
Inferred	0.2	22,541,600	0.55	401,190
	0.4	12,132,100	0.78	302,500
	0.5	8,330,400	0.92	247,590
	0.6	5,797,600	1.09	203,210
	0.8	3,534,600	1.35	153,420
	1.0	2,521,400	1.53	124,390
	1.5	1,133,600	1.93	70,360
	2.0	385,600	2.29	28,400

A cut off grade of 0.5 g/t Au was selected to tabulate the total resources based on the results of similar gold projects located in Ontario and Quebec. In addition, the following parameters were considered; 4:1 stripping ratio, operating costs of $14.30/tonne at 10,000 tonnes per day, long term gold price of $US973/troy ounce, $US to $CDN conversion of 1.02 and gold recovery of 94%. The resources block considers the mineralization to start at approximately 15 m below surface down to a depth of 400m for the deepest zone (Zone 5).

Mineral Resources are not Mineral Reserves and by definition do not demonstrate economic viability.

DAC Resource Estimation Summary (using ID2 method)

Class	Zone	Capping Grade (g/t)	Tonnes Above Capped Grade	Average Grade (g/t)	Average True Width (m)	Au Ounces
Indicated	1	7.53	1,395,600	0.84	16	37,760
	2	19.63	2,942,700	1.19	30	112,644
	3	6.66	1,370,700	0.99	12	43,675
	4	10.80	3,542,600	1.06	21	121,221
	5	14.00	1,573,900	0.97	15	49,231
	Total		**10,825,500**	**1.05**		**364,530**

Class	Zone	Capping Grade (g/t)	Tonnes Above Capped Grade	Average Grade (g/t)	Average True Width (m)	Au Ounces
Inferred	1	7.53	971,900	0.70	16	21,724
	2	19.63	1,841,100	1.06	30	62,487
	3	6.66	725,500	0.93	12	21,759
	4	10.80	3,085,300	0.89	21	88,767
	5	14.00	1,706,600	0.96	15	52,854
	Total		**8,330,400**	**0.92**		**247,590**

Cut-off Sensitivities for the DAC Deposit Resource Estimate

Class	ID2 Cut-off (Au g/t)	Tonnes	Average Grade (Au g/t)	Contained Ounces Au
Indicated	0.2	24,275,300	0.65	509,960
	0.4	14,371,800	0.90	415,780
	0.5	10,825,500	1.05	364,530
	0.6	8,225,700	1.21	318,840
	0.8	5,359,200	1.48	255,370
	1.0	3,858,800	1.71	212,310
	1.5	1,820,100	2.26	132,490
	2.0	979,900	2.73	86,100
Inferred	0.0	31,535,100	0.43	436,840
	0.2	22,541,600	0.55	401,190
	0.4	12,132,100	0.78	302,500
	0.5	8,330,400	0.92	247,590
	0.6	5,797,600	1.09	203,210
	0.8	3,534,600	1.35	153,420
	1.0	2,521,400	1.53	124,390
	1.5	1,133,600	1.93	70,360
	2.0	385,600	2.29	28,400

NICKEL PLATS, SASKATCHEWAN

By agreement dated 30 April 2007, the Company optioned the Nickel Plats property from Diamond Hunter Ltd. ("Hunter"). The property is located approximately 50 km north of Laronge, Saskatchewan. The property covers a nickel ("Ni")-Cu occurrence (historic resource of 1.7 million tonnes grading 0.74% combined nickel-copper) within a sulphide rich (pyrrhotite, chalcopyrite and pyrite) gabbro intrusion.

On 30 March 2009, the Company and Hunter signed an amendment to the terms agreement as follows:

		Payments	Shares	Exploration Expenditures
Upon execution of agreement	*(paid/issued)*	$ 10,000	75,000	$ -
On or before 30 June 2007	*(paid)*	20,000	-	-
On or before 30 April 2008	*(paid/issued)*	30,000	75,000	-
On or before 30 April 2009	*(paid/issued)*	15,000	50,000	-
On or before 30 April 2010	*(paid/issued)*	15,000	50,000	-
On or before 30 April 2011	*(paid)*	20,000	-	-
On or before 30 April 2012		20,000	-	-
On or before 30 April 2013		20,000	-	-
Total		$ 150,000	250,000	$ -

Approximately $678,609 in expenditures have been accrued by the Nickel Plats Project, thereby fulfilling all exploration expenditure requirements under the terms of the amended Option Agreement.

In 2007, the Nickel Plats project was evaluated, and a compilation was begun to understand the setting of the mineralization as well as develop an approach to test the known mineralization and other targets that were developed from the work. Five mineral claims (7,692 ha) were staked in the vicinity to expand to the property to include additional target areas.

A 2284 line km helicopter-borne VTEM (Versatile Time Domain Electromagnetic) geophysical survey was completed by Geotech Ltd over the Nickel Plats property in 2008, with a large number of anomalies identified, and limited re-sampling of historic drill core on the property was also completed.

The Nickel Plats adjunct property is subject to a 2.0% NSR. The Company has the right to purchase a 1.0% NSR for $750,000.

No exploration activity was undertaken on the project in 2009.

A joint venture partner is being sought to further explore the Nickel Plats Project.

WINTER LAKE, NORTHWEST TERRITORIES, CANADA

In 2007, the Company staked two separate blocks of claims, totaling 33 mineral claims of approximately 34,070 ha in the MacKay Lake area of the Northwest Territories. These claims cover geology similar to that where GGL Resources reported nickel values in a komatiitic environment.

No exploration work was completed on the property subsequent to staking, and the claims were allowed to lapse May 4, 2009 and reverted to the Crown.

TONSINA PROPERTY, ALASKA

The Tonsina property, presently defined, consists of 46 State of Alaska mining claims, known as the "Marc" claims 1-46 (ADL Nos. 610060 – 610105; which were staked in June 2006. These claims comprise a contiguous group of State of Alaska ¼ section claims covering approximately 29.78 sq. kilometers (744.62 hectares, or 7,360 acres), herein referred to as the "Tonsina property". The claims are owned 100% by the Company.

The property is located in the Valdez quadrangle in southeast Alaska on state select land, located approximately 6 km south of the village of Tonsina and 110 km north of Valdez. The property covers prospective PGM mineralization within the Tonsina ultramafic intrusive complex. Access is relatively good with bush roads 6 km north to the Richardson Highway which connects Anchorage to Fairbanks. Helicopters are still required to reach the higher elevations.

The 2007 exploration program identified significant PGM anomalies associated with a sulphide and chromite enriched layer in the Tonsina Ultramafic Complex. An induced polarization survey designed to test the extent of the mineralization was completed in the summer of 2008, and was followed by a ground magnetic survey and surface channel sampling. The results suggest that the zone of sulphide mineralization is continuous over a 300 m strike length. Future work will focus on determining the total strike extent of this zone, and identifying the best locations for drill testing of the mineralization.

A joint venture partner is being sought to further explore the project.

KANE PROPERTY, ALASKA

During a previous year, the Company acquired certain mineral claims by staking in Alaska. On 6 June 2007, the Company entered into an option agreement with Stillwater Mining Company (“Stillwater”) whereby Stillwater could earn 50% of the first selected property by spending US$3.5 million and US$4.0 million on each subsequent selected property by 31 December 2011. In March 2008, Stillwater elected not to continue with exploration on the property in order to evaluate new ground in southeast Alaska.

The Company continues to maintain the Kane property’s mineral claims and a joint venture partner is being sought to further explore the property.

UNION BAY, ALASKA

By agreement dated 1 October 2002 and amended 2 April 2003 and 4 February 2004, the Company could acquire, from Freegold, a company that previously had certain directors and officers in common, an option to earn up to a 70% interest in the property.

In order to earn its 50% interest, the Company, purchased a private placement of $165,000 (2002), made cash payments, and issued common shares and incurred exploration expenditures as follows:

		Payments	Shares		Exploration Expenditures
- Within 5 days from approval date *(issued)*	$	-	30,000	$	-
- On or before 1 July 2003 p*aid / incurred)*		20,000	-		30,000
- On or before 30 January 2004 *(issued)*		-	30,000		-
- On or before 1 July 2004 *(paid / incurred)*		20,000	-		30,000
- On or before 1 July 2005 *(paid / incurred)*		30,000	-		340,000
- On or before 1 July 2006 *(paid / incurred)*		30,000	-		600,000
	$	100,000	60,000	$	1,000,000

Following vesting with a 50% interest on 1July 2006, the Company had the right to elect within 45 days to increase its interest to 60% by completing a feasibility study within 12 months of vesting with 50%. This election was not made.

As a term of the agreement the Company, upon vesting with 50%, issued 253,586 common shares at market value of $100,000 to Freegold. In a previous year, 134,538 common shares were issued, the value of which was accounted in the previous year.

By Memorandum of Agreement dated 4 May 2007, Freegold and the Company confirmed their 50/50 interest in the property, with the Company as Project Operator.

No programs were carried out during the past year and Freegold and the Company are seeking a joint venture partner to further develop this project.

NIXON FORK PROPERTY, ALASKA

By Letter Agreement (the “Agreement”) dated 9 December 2008 between the Company and St. Andrew Goldfields Ltd. (“SAG”), the Company was granted an option, exercisable until 15 February 2009, to acquire a 100% interest in SAG’s wholly-owned subsidiary Mystery Creek Resources Inc. (“MCR”). MCR’s assets include the Nixon Fork property, located 56 km northeast of McGrath, Alaska.

The Company paid US$100,000 upon signing the agreement dated 9 December 2008. The Company exercised the option by agreeing to pay a further US$400,000 of which US$100,000 was paid 12 February 2009, and the balance was paid in three equal installments on 1 May 2009, 1 July 2009 and 1 September 2009.

The mine is located 56 km northeast of McGrath, Alaska. Work on the property began in late March 2009 and consisted of reopening the facilities that had been shut down in October of 2008. The facilities are in good condition and the camp is operational.

In June 2009, the Company granted Fire River Gold Corp. ("FAU") an option to acquire all of the outstanding shares of MCR. FAU paid PFN US$50,000 on signing of the agreement. The sale of MCR to FAU was approved by PFN shareholders in August 2009. The shareholders of FAU approved the purchase of MCR in September 2009. FAU exercised the option by making further payments totalling US$450,000 and issuing a total of US$2.5 million in FAU shares at a deemed price of $0.45 per share for a total of 6,415,000 shares to the Company.

FAU also issued to PFN 1,000,000 share purchase warrants entitling PFN to purchase 1,000,000 shares of FAU at an exercise price of $0.50 until 2 October 2011, and reimbursed all expenses incurred by PFN from 1 May 2009 for a total of CDN$773,766.

BURKINA FASO GOLD PROJECT, AFRICA

In January, 2011, the Company entered into an option agreement with SOMITRA, a company incorporated in Burkina Faso, to acquire three gold permits, known as the Burkina Faso Gold Project, located in Burkina Faso, Western Africa. The project consists of three separate permits totaling 429 sq km.

Under the terms of the option agreement, PFN can earn a 100% interest in the properties over a three year period by paying SOMITRA US$480,000 and providing SOMITRA with a total of 450,000 PFN shares, or PFN may elect to pay the sum of US$135,000.

During the period of the agreement PFN can terminate the option agreement at any time as regards to one or several of the Permits.

SOMITRA will retain a 1% Net Smelter Return, NSR, with a buyout price of US$1,000,000 for any deposit OVER 1 million ounces and US$500,000 for any deposit UNDER 1 million ounces.

PFN's Burkina Faso gold Projects lie within the Birimian Greenstone Belt of West Africa, one of the most prolific gold producing regions of the world. The Birimian Greenstone Belt consists of Lower Proterozoic age volcanic and sedimentary units intruded and surrounded by related plutonic rocks and has a long history of gold mining with industrial history beginning in Ghana at the end of the 19th century.

SELECTED ANNUAL INFORMATION

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for PFN for each of the three most recently completed financial years. The information set forth below was extracted from and should be read in conjunction with the audited consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and related notes.

	Years Ended 30 April (audited)		
	2011	2010	2009
Total revenues	$ 52,293	$ 59,296	$ 478,887
General and administrative expenses	1,526,478	1,789,601	2,647,547
Mineral property cash costs incurred	1,890,288	1,487,026	1,895,727
Income (loss) before other items in total	(1,526,478)	(1,789,601)	(2,647,547)
Net income (loss) from continuing operations in total	(4,153,650)	(3,551,664)	(5,274,994)
Loss per share – Basic & fully diluted – continued operations	(0.06)	(0.06)	(0.09)
Loss per share – Basic & fully diluted – discontinued operation	-	0.04	-
Comprehensive loss per share – Basic & fully diluted	(0.03)	(0.01)	(0.10)
Totals assets	15,575,641	11,353,054	15,095,336
Total long term liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

SELECTED QUARTERLY FINANCIAL INFORMATION

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with GAAP.

For the Quarters Ended (unaudited)

	30 Apr 2011	31 Jan. 2011	31 Oct. 2010	31 Jul. 2010	30 Apr. 2010	31 Jan. 2010	31 Oct. 2009	31 Jul. 2009
Total revenues	$ 35,017	$ 5,222	$ 5,748	$ 6,306	$ 12,151	$ 6,028	$ 13,582	$ 27,481
Net income(loss)	(3,148,155)	(146,461)	(329,068)	(529,966)	(1,843,147)	(626,573)	2,221,965	(523,264)
Net income(loss) per share	(0.05)	(0.00)	(0.01)	(0.01)	(0.03)	(0.01)	0.04	(0.01)
Total assets	15,575,641	11,202,245	11,492,906	12,720,801	11,353,054	13,414,363	12,620,592	14,667,532

RESULTS OF OPERATIONS

The year ended 30 April 2011 resulted in a loss from continuing operations of $4,1,53,650 which compares with a loss of $3,551,664 for the same period in 2010. Mystery Creek Resources Inc. was sold in the previous year and reported an income on discontinued operation of $2,780,645. General and administrative expenses for the year ended 30 April 2011 were $1,526,478, a decrease of $263,123 over the same period in 2010. Shareholder relations and promotional activities undertaken by the Company, which included attendance at various trade shows, cost $192,814 for the period ended 30 April 2011 compared to $263,840 for the same period in 2010. Salaries and benefits slightly decreased to $182,782 compared to $187,032 in the previous year. An aggregate stock-based compensation of $68,650 was recorded as compared to $275,435 in the previous year. Stock-based compensation is broken down on the income statement according to the applicable expense category. Consulting fees for the year were $318,031 compared to $370,635 in the previous year. Corporate development for the year was $71,895 compared to $NIL in the previous year. Travel and lodging costs of $78,155 were incurred during the year, compared to $49,310 of the same period in 2010. All other general and administrative costs were relatively the same compared to the previous year. Interest and other income decreased to $52,293, compared to $52,616 in the previous year. $1,892,226 unrealized gain on investment portfolio as a result of the fair value presentation required in the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855 compared to $321,831 in the previous year.

During the year ended 30 April 2011, the Company incurred mineral property cash costs of $1,890,288 compared to $1,487,026 in the previous year.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended 30 April 2011, the Company's working capital, defined as current assets less current liabilities, was $8,686,132 compared with working capital of $7,249,616 as at 30 April 2010. The Company has total issued and outstanding of 85,737,788 shares as at 30 April 2011. The Company has a portfolio of investments with a book value of $3,541,053 and a market value of $4,815,763 as at 30 April 2011.

CONTRACTUAL COMMITMENTS

By agreement effective 1 December 2005, the Company entered into a five-year management agreement with a company controlled by a director and Chairman of the Company. Compensation is $7,350 per month for the first year, with a 5% increase on each anniversary date plus benefits. The Director and Chairman is also entitled to receive up to 20% of all stock options granted during the period that the agreement is in place. This agreement is automatically renewable for two-year periods. The Company may terminate the agreement at any time but will be responsible to pay the greater of the remaining amount under the contract or two years' compensation.

By amended agreement effective 1 December 2008, the Company amended the 1 December 2005 agreement. The compensation under the original agreement was amended from $7,350 per month to $14,104 per month. The 5% increase under the original agreement was waived until 1 December 2009. All terms of the original agreement remained the same.

By amended agreement effective 1 April 2011, the Company amended the 1 December 2005 agreement as amended on 1 December 2008. The compensation under the amended agreement was further amended from $15,550 per month to $20,833 per month. The term of the amended agreement is for five years terminating on 31 March 2016. All terms of the original agreement remained the same.

Year ended 30 April	2012	2013	2014	2015	2016	Total
Management agreement	$ 251,042	$ 263,594	$ 276,773	$ 290,612	$ 305,143	$ 1,387,164

The Company has outstanding and future commitments under mineral property option agreements to pay cash and issue common shares of the Company.

The Company is committed under an operating lease with a Company for its office premises with the following minimum lease payments to the expiration of the lease on 30 November 2011.

Year ended 30 April	2012	2013	2014	2015	2016	Total
Office lease *	$ 119,303	$ -	$ -	$	$ -	$ 119,303

- In November 2008 the Company entered into an agreement with the former co-signor of the lease whereby the Company assumed their remaining lease obligation and received a lump sum amount of $126,845 which will then be applied to the end of the term.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, depreciation, determination of net recoverable value of assets, determination of fair value on taxes, and share compensation. These estimates are reviewed periodically (at least annually), and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

A detailed summary of all of the Company’s significant accounting policies is included in Note 1 to the consolidated financial statements for the year ended 30 April 2011.

FINANCIAL INSTRUMENTS - RECOGNITION AND MEASUREMENT

Section 3855 requires that all financial assets and financial liabilities be measured at fair value on initial recognition except for certain related party transaction. Financial instruments classified as held-for-trading are measured at fair value and unrealized gains and losses are included in the net income in the period in which they arise. The Company has historically measured these instruments at the lower of cost and market value and any unrealized gains or losses have been included in net income.

COMPREHENSIVE INCOME

Section 1530 introduces other comprehensive income (loss). Comprehensive income (loss) includes both net earnings (losses) and other comprehensive income. Other comprehensive income (loss) includes holding gains and losses on available-for-sale investments, gains and losses on certain derivative instruments and any foreign currency gains and losses relating to self-sustaining foreign operations where applicable, all of which are not included in the calculation of net earnings (loss) until realized. The only impact on the Company of adopting these new standards was the recognition of unrealized gains and losses on investments, which has been included as part of shareholders' equity under "Other Comprehensive Loss". As required by the prospective implementation of these new standards, the comparative financial statements have not been restated.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, advances and deposits, available-for-sale securities, share purchase warrants and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments, with the exception of available-for-sale and share purchase warrants, approximates their carrying value unless otherwise noted. The Company is exposed to currency risk on its acquisition and exploration expenditures on its US properties since it has to convert Canadian dollars raised through equity financing in Canada to US dollars. The Company's expenditures will be negatively impacted if the US dollar increases versus the Canadian dollar.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises would be replaced by IFRS for fiscal years beginning on or after 1 January 2011.

The Company commenced its IFRS conversion project in 2008 when it established a formal project governance structure, which included the Company's Audit Committee and senior management. Overall project governance, management and support have been coordinated by the Company, with an independent external advisor engaged to assist in the IFRS conversion.

The Company's approach to the conversion to IFRS includes three phases:

- Phase one, an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS

- Phase two, an in-depth analysis of the IFRS impact in those areas identified under phase one.

- Phase three, the implementation of the conversion process, including the completion of the opening balance sheet as at 1 May 2010 together with related discussion and notes.

The following is a summary of key areas where accounting policies differ and where accounting policy decisions are necessary that will impact the Company's reported financial position and results of operations:

- Mineral properties – IFRS 6, "Exploration for and Evaluation of Mineral Resources" provides the Company with the option of expensing the exploration and evaluation costs as incurred, or deferring these costs until technical feasibility and commercial viability has been determined, at which point they are transferred to the development and production phase and allocated to specific projects. Under Canadian GAAP, exploration, evaluation and development costs are expensed as incurred. The existing accounting policy will be maintained.

- Share-based payment – Under IFRS, stock-based compensation is amortized under the graded method only. In addition, the Company is required to update its value of options for each reporting period for expected forfeitures. Under Canadian GAAP, the Company recognizes stock-based compensation on straight-line method and updates the value of the options for forfeitures as they occur. The Company will record an IFRS income statement and balance sheet adjustment at 1 May 2010.

- Impairment of assets – Under IFRS, impairment tests are generally carried out using the discounted future cash flows (one step test). Write-downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist. Under Canadian GAAP, impairment tests are generally done on the basis of undiscounted future cash flows and impairment loss is measured as the excess of the carrying value over the discounted future cash flows (two-step approach). Unlike IFRS, write-downs are permanent changes in the carrying value of assets and cannot be reversed. The Company's financial statements will not be impacted on the changeover to IFRS based on the analysis of impairment indicators on transition. Nevertheless, in subsequent years, IFRS could generate more impairment write-downs than Canadian GAAP since it uses a one-step test.

- Flow-through shares – Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the funds received are recorded as share capital at the time of issue. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company records a deferred tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP, the Company records any deferred tax recovery eligible to be recognized to offset the deferred tax charge to equity as a tax recovery in the statement of operations. IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and recognized in income at the time the qualifying expenditures are made. The recognition of the deferred tax liability upon renunciation of the flow-through expenditures is recorded as income tax expensed in the period of renunciation.

The transition to IFRS requires the Company to apply IFRS 1, "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1") which details the requirements for preparing IFRS-compliance financial statements in the first reporting period after the date of transition. IFRS 1 provides entities adopting IFRS for the first time with a number of optional and mandatory exemptions in certain areas to the general requirement of full retrospective application of IFRS. Based on management's analysis of the various accounting policy choices available, IFRS 1 elections relevant to the Company are as follows:

- Share-based payment – IFRS 1 allows an exemption to IFRS 2, "Share-based Payment" for equity instruments, such as the Company's stock options, granted on or before 2 November 2002 or which vested before the transition date to IFRS. The Company will utilize this exemption upon adoption of IFRS.

- Property, plant and equipment – IFRS 1 allows the Company to elect to have fair value or revaluation amounts as the deemed cost of property, plant and equipment at the date of transition. In accordance with IFRS 1, the Company may elect to measure certain items of property, plant and equipment at their fair values at the date of transition. Any fair value adjustments and changes to the assessment of the related useful lives of the individual components of property, plant and equipment could impact the depreciation charges subsequent to the date of transition. The Company will not elect to utilize this transitional provision and will record property, plant and equipment at cost upon adoption of IFRS.

The Company is in the implementation stage. This stage involves finalizing accounting policy decisions, preparing the Company's opening balance sheet as at 1 May 2010, preparing comparative financial statements and notes under IFRS for each quarterly period of 2010, and implementing system, processes, internal controls and training necessary. The quantification of the amounts that resulted from the differences between Canadian GAAP and IFRS relating to the key standards are based on management's estimates and decisions, and currently being reviewed internally by the Board of Directors and by the Company's external auditors.

RELATED PARTY TRANSACTIONS

During the year ended 30 April 2011, the following related party transactions took place:

a) During the year, management fees of $200,070 (2010 - $189,698, 2009 - $214,972) were paid to a company controlled by a Director and Chairman.

b) During the year, engineering and consulting fees of $99,399 (2010 - $38,983, 2009 - $NIL) were paid to the Vice President of Exploration.

c) During the year, engineering and consulting fees of $6,700 (2010 - $86,451, 2009 - $NIL) were paid to the Vice President of Engineering.

d) During the year, consulting fees of $18,658 (2010 - $8,663, 2009 - $63,076) were paid to a company controlled by a Director.

e) During the year, consulting fees of $47,000 (2010 - $12,890, 2009 - $NIL) were paid to a Director and Corporate Secretary.

f) Effective 1 February 2005, each outside Director is entitled to receive $500 per month, $500 per directors meeting and $500 per committee meeting. During the period, $17,000 (2010 - $25,000) was paid/accrued to Directors.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at 30 April 2011, there were 85,737,788 outstanding common shares compared to 67,543,008 outstanding shares at 30 April 2010.

Share Purchase Options

Directors, officers, employees and contractors are granted options to purchase common shares under the Company stock option plan. The terms and outstanding balance are disclosed in the table below:

Number outstanding 30 April 2010	Granted	Exercised	Expired	Cancelled	Number outstanding 30 April 2011	Exercise price per share	Expiry date
718,000	-	-	-	15,000	703,000	$0.25	5 November 2014
355,000	-	-	-	355,000	-	$0.60	3 May 2010
100,000	-	-		-	100,000	$0.40	3 February 2011
82,500	-	-	-	-	82,500	$0.40	19 April 2011
50,000	-	-	-	-	50,000	$0.50	8 May 2011
20,000	-	-	-	-	20,000	$0.50	19 May 2011
150,000	-	-	-	-	150,000	$0.25	14 February 2017
680,000	-	35,000	-	50,000	595,000	$0.25	18 May 2017
230,000	-	-	-	-	230,000	$0.25	11 October 2017
130,000	-	-	-	-	130,000	$0.25	29 October 2017
910,000	-	-	-	-	910,000	$0.60	22 February 2013
100,000	-	-	-	-	100,000	$0.50	11 June 2013
980,000	-	50,000	-	-	930,000	$0.25	22 April 2014
125,000	-	-	-	-	125,000	$0.25	15 July 2014
150,000	-	-	-	-	150,000	$0.25	04 June 2015
150,000	-	-	-	-	150,000	$0.40	04 June 2015
150,000	-	-	-	-	150,000	$0.25	05 January 2015
150,000	-	-	-	-	150,000	$0.50	05 January 2015
100,000	-	-	-	-	100,000	$0.25	05 January 2015
100,000	-	-	-	-	100,000	$0.50	05 January 2015
-	300,000	-	-	-	300,000	$0.25	01 February 2016
-	3,100,000	-	-	75,000	3,025,000	$0.30	24 February 2016
-	125,000	-	-	-	125,000	$0.30	15 March 2014
5,430,500	3,525,000	85,000	-	420,000	8,450,500		

Performance Shares

During the previous year, of the total of 2,697,990 performance shares reserved for issuance and exercisable at $0.01 per share, 750,000 performance shares have been exercised and issued and 300,000 performance shares were authorized for issuance to the new Vice President of Engineering. 1,647,990 remain available for issuance. At the discretion of the Board, these shares may be issued to such arm's length parties as the Board considers desirable to attract consultants to the Company.

Compensation Options

On 30 December 2009, 315,000 compensation options were issued as finder's fees in connection with the non-brokered private placement of 5,360,000 units. Each compensation option entitles the holder thereof to acquire one unit at a price of $0.20 per unit until 30 December 2011. Each unit consists of one common share of the Company and one-half of one warrant, with each whole warrant entitling the holder thereof to acquire an additional common share at a price of $0.35 until 30 December 2010 and at a price of $0.45 until 30 December 2011.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management has evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on the evaluation of the disclosure controls performed to date, the Company is determined to strengthen internal controls over financial reporting. Management has engaged the services of an additional external accounting firm to obtain more specific and detailed advice as to increasing the effectiveness of the Company's internal control.

INTERNAL CONTROLS AND PROCEDURES

Internal controls and procedures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the Canadian GAAP. As at the end of the year covered by this management's discussion and analysis, management had designed and implemented internal controls and procedures as required by Canadian securities laws.

The Company has evaluated the design of its internal controls and procedures over financial reporting for the year ended 30 April 2011. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management continues to review and refine its internal controls and procedures.

RISKS AND UNCERTAINTIES

The mineral industry is intensely competitive in all its phases. The Company competes with many other companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled. Exploration for minerals is a speculative venture.

There is no certainty that the money spent on exploration and development will result in the discovery of an economic ore body.

The Company's activities outside of Canada make it subject to foreign currency fluctuations and this may materially affect its financial position and results.

The Company has limited financial resources, no source of operating cash flows and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its projects or to fulfill its obligations under the terms of any option or joint venture agreements. If the Company's generative exploration programs are successful, additional funds will be required for development of one or more projects. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development or the possible loss of the Company's properties.

OUTLOOK

The Company ended 30 April 2011 with a strong cash position that will enable it to continue its own acquisition and exploration effects in North America and other jurisdictions.

SUBSEQUENT EVENT

On 13 July 2011, the Company closed the first tranche of a non-brokered private placement of 2,583,333 non flow-through units at $0.30 per unit, with each unit consisting of one fully paid and non-assessable common share in the capital of the Company and one-half of one share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional common share of the Company for 18 months at an exercise of $0.40. A total of 4,332,141 flow-through units at $0.35 per unit were also placed in the first tranche closing. Each flow-through unit consists of one fully paid and non-assessable common share in the capital of the Company and one-half of one share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional non flow-through common share of the Company at $0.45 per share for a period of 18 months.

NEW PROJECT ACQUISITION PROGRAM

The current downturn in the metals market is providing an excellent opportunity to acquire high quality projects under excellent terms. Several properties located in Mexico, Central America, the United States, and Canada, are under review and the Company expects to complete new property acquisitions in the upcoming months. Several producing or near production properties with significant exploration potential are being evaluated, as are several drill-stage projects.

Pacific North West Capital Corp.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

30 April 2011 and 2010

(Expressed in Canadian Funds)

JAMES STAFFORD

James Stafford, Inc.
Chartered Accountants
Suite 350 – 1111 Melville Street
Vancouver, British Columbia
Canada V6E 3V6
Telephone +1 604 669 0711
Facsimile +1 604 669 0754
www.jamesstafford.ca

Independent Auditor's Report

To the Shareholders of Pacific North West Capital Corp.

We have audited the accompanying consolidated financial statements of Pacific North West Capital Corp. (the "Company"), which comprise the consolidated balance sheets as at 30 April 2011 and 2010 and the consolidated statements of changes in shareholders' equity, loss and comprehensive loss, and cash flows for each of the years in the three-year period ended 30 April 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 30 April 2011 and 2010 and the results of its operations and its cash flows for each of the year in the three-year period ended 30 April 2011 in accordance with Canadian generally accepted accounting principles.

James Stafford

Chartered Accountants

Vancouver, Canada
14 July 2011

Pacific North West Capital Corp. Statement 1

(An Exploration Stage Company)

Consolidated Balance Sheets

As at 30 April

(Canadian Funds)

ASSETS		2011		2010
Current				
Cash and cash equivalents *(Note 3)*	$	3,880,196	$	4,475,681
Amounts receivable		219,746		89,162
Prepaid expenses, advances and deposits		173,765		40,030
Investments *(Note 4)*		4,815,763		2,741,694
		9,089,470		7,346,567
Mineral Property Costs - *Statement 5 (Note 5)*		6,362,048		3,899,594
Property, Plant and Equipment *(Note 6)*		124,123		106,893
	$	15,575,641	$	11,353,054
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	403,338	$	96,951
Commitments *(Note 10)*				
Subsequent Event *(Note 12)*				
SHAREHOLDERS' EQUITY				
Share Capital - *Statement 2 (Note 8)*				
Authorized:				
Unlimited number of common voting shares				
Unlimited number of preferred voting shares				
Issued and fully paid:				
85,737,788 (30 April 2010 – 67,543,008) common shares		30,276,368		25,170,802
Contributed Surplus		5,601,728		4,485,390
Accumulated Other Comprehensive Loss		1,454,444		(393,502)
Deficit Accumulated During Exploration Stage		(22,160,237)		(18,006,587)
		15,172,303		11,256,103
	$	15,575,641	$	11,353,054

ON BEHALF OF THE BOARD:

"Harry Barr" , Director

"Jordan Point " , Director

- See Accompanying Notes -

Pacific North West Capital Corp. **Statement 2**

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(Canadian Funds)

	Common Shares Number	Common Shares Amount	Contributed Surplus	Other Comprehensive Income	Accumulated Deficit	Total
Balance – 30 April 2008	61,658,008	$ 25,677,015	$ 3,075,349	$ (11,146)	$ (11,881,102)	$ 16,860,116
Issuance of shares for:						
- Properties	100,000	9,500	–	–	–	9,500
- Performance shares *(Note 8e)*	100,000	18,000	(7,500)	–	–	10,500
Share issuance costs	–	(5,234)	–	–	–	(5,234)
Stock-based compensation costs	–	–	722,377	–	–	722,377
Future income tax on flow-through	–	(920,000)	–	–	–	(920,000)
Unrealized loss on available-for-sale securities	–	–	–	(596,027)	–	(596,027)
Reclassification of gain on available-for-sale securities	–	–	–	(147,839)	–	(147,839)
Loss for the year	–	–	–	–	(5,354,466)	(5,354,466)
Balance – 30 April 2009	61,858,008	$ 24,779,281	$ 3,790,226	$ (755,012)	$ (17,235,568)	$ 10,578,927
Issuance of shares for:						
- Private placements *(Note 8a)*	860,000	172,000	–	–	–	172,000
- F/T private placements *(Note 8a)*	4,500,000	900,000	–	–	–	900,000
- Properties *(Note 8b)*	125,000	14,750	–	–	–	14,750
- Performance shares *(Note 8e)*	200,000	25,000	–	–	–	25,000
- Value assigned to warrants *(Note 8g)*	–	(367,403)	367,403	–	–	–
Share issuance costs	–	(87,326)	42,326	–	–	(45,000)
Stock-based compensation costs	–	–	275,435	–	–	275,435
Performance shares allotted *(Note 8e)*	–	–	10,000	–	–	10,000
Future income tax on flow-through	–	(265,500)	–	–	–	(265,500)
Unrealized gain on available-for-sale securities	–	–	–	321,831	–	321,831
Reclassification of loss on available-for-sale securities	–	–	–	39,679	–	39,679
Net loss for the year	–	–	–	–	(771,019)	(771,019)
Balance – 30 April 2010	67,543,008	$ 25,170,802	$ 4,485,390	$ (393,502)	$ (18,006,587)	$ 11,256,103
Issuance of shares for:						
- Private placements *(Note 8a)*	9,248,333	2,774,500	-	-	-	2,774,500
- F/T private placements *(Note 8a)*	644,286	225,500	-	-	-	225,500
- Properties *(Note 8b)*	100,000	11,000	–	–	–	11,000
- River Valley acquisition *(Notes 5c, 8b and 8g)*	8,117,161	2,435,148	675,570	-	-	3,110,718
- Exercise of stock option	85,000	21,250	-	-	-	21,250
- Value assigned to warrants *(Note 8g)*	-	(331,618)	331,618	-	-	-
Share issuance costs	-	(30,214)	-	-	-	(30,214)
Stock-based compensation costs *(Note 8f)*	–	–	68,650	–	–	68,650
Performance shares allotted *(Note 8e)*	–	–	40,500	–	–	40,500
Unrealized gain on available-for-sale securities	–	–	–	1,892,226	–	1,892,226
Reclassification of gain on available-for-sale securities	–	–	–	(44,280)	–	(44,280)
Net loss for the year	–	–	–	–	(4,153,650)	(4,153,650)
Balance – 30 April 2011	85,737,788	$ 30,276,368	$ 5,601,728	$ 1,454,444	$ (22,160,237)	$ 15,172,303

- See Accompanying Notes -

Pacific North West Capital Corp. Statement 3

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

(Canadian Funds)

	Years Ended 30 April		
	2011	2010	2009
General and Administrative Expenses			
Consulting fees	$ 318,031	$ 370,635	$ 438,039
Consulting fees - Stock compensation *(Note 8f)*	4,719	69,177	258,744
Corporate development	71,895	-	-
Investor & shareholder relations	192,814	263,840	305,376
Investor & shareholder relations - Stock compensation *(Note 8f)*	-	24,615	70,883
Travel, lodging & food	78,155	49,310	270,832
Management fees (*Note 7a)*	200,071	189,698	214,972
Director fees *(Note 7f)*	23,000	29,000	25,750
Director fees - Stock compensation *(Note 8f)*	-	57,000	243,757
Salaries & benefits	182,782	187,032	268,738
Salaries & benefits - Stock compensation *(Note 8f)*	63,931	122,693	148,993
Performance shares benefit *(Note 8e)*	40,500	34,950	9,500
Accounting & audit	23,500	32,576	48,922
Office	66,483	72,978	60,079
Transfer agent and regulatory fees	57,532	59,186	53,579
Rent	37,537	53,198	78,451
Telephone & utilities	16,638	19,357	25,631
Legal	43,087	21,622	6,523
Vehicle lease	12,229	12,552	13,935
Amortization	33,283	41,406	44,200
Insurance, licenses & fees	60,291	78,776	60,643
Loss Before the Following	(1,526,478)	(1,789,601)	(2,647,547)
Other Income (Expenses)			
Mineral property costs written off	(2,549,552)	(1,898,539)	(4,025,189)
Gain (loss) on sale of available-for-sale securities *(Note 4)*	44,280	(39,679)	147,839
Unrealized loss on share purchase warrants	(112,993)	(47,484)	–
Interest and other income	52,293	52,616	222,252
Project management fees	-	6,680	25,628
Foreign exchange, net	(51,645)	(62,644)	83,168
Interest and bank charges	(9,555)	(38,513)	(1,145)
	(2,627,172)	(2,027,563)	(3,547,447)
Loss Before Income Taxes	(4,153,650)	(3,817,164)	(6,194,994)
Future Income Tax Recovery *(Note 9)*	-	265,500	920,000
Loss From Continuing Operations	$ (4,153,650)	$ (3,551,664)	$ (5,274,994)
Gain (Loss) From Discontinued Operation *(Note 14)*	$ -	$ 2,780,645	$ (79,472)
Loss for the Year	$ (4,153,650)	$ (771,019)	$ (5,354,466)
Other Comprehensive Income (Loss)			
Unrealized gain (loss) on available-for-sale securities	1,892,226	321,831	(596,027)
Reclassification of (gain) loss on available-for-sale securities	(44,280)	39,679	(147,839)
Comprehensive Loss for the Year	$ (2,305,704)	$ (409,509)	$ (6,098,332)
Loss per Share - Basic and Fully Diluted			
Continuing Operations	$ (0.06)	$ (0.06)	$ (0.09)
Discontinued Operations	$ -	$ 0.04	$ (0.00)
Weighted Average Number of Shares Outstanding			
Basic	69,399,792	62,675,963	61,721,508
Diluted	69,399,792	62,954,534	61,721,508

- See Accompanying Notes -

Pacific North West Capital Corp. Statement 4

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Canadian Funds)

	Years Ended 30 April		
Cash Resources Provided By (Used In)	2011	2010	2009
Operating Activities			
Loss for the year	$ (4,153,650)	$ (771,019)	$ (5,354,466)
Items not affecting cash			
Mineral property costs written off	2,549,552	1,898,539	4,025,189
Stock-based compensation costs	68,650	275,435	722,377
(Gain) loss on sale of available-for-sale securities	(44,280)	39,679	(147,839)
Unrealized loss on share purchase warrants	112,993	47,484	–
Amortization	33,283	41,406	107,080
Consulting fees – performance shares issued/allotted	40,500	33,000	9,500
Other income received in shares	(30,000)	–	–
Future income tax recovery on flow-through shares	–	(265,500)	(920,000)
Foreign exchange gain	–	–	(16,357)
Accretion expense	–	–	66,632
Gain on disposition of discontinued operation	–	(2,603,426)	–
Amounts receivable	(130,584)	(3,842)	167,492
Prepaid expenses, advances and deposits	(133,735)	11,857	60,376
Accounts payable and accrued liabilities	306,387	(57,479)	(93,260)
	(1,380,884)	(1,353,866)	(1,373,276)
Investing Activities			
Business acquisition, net of cash received	–	(220,330)	(338,280)
Sale of available-for-sale securities	2,072,432	880,699	192,366
Purchase of property, plant and equipment	(50,513)	(23,085)	(20,932)
Purchase of available-for-sale securities	(2,337,268)	(208,665)	(33,973)
Mineral property costs	(1,890,288)	(1,487,026)	(1,895,727)
Net proceeds on sale of discontinued operation	-	343,534	–
	(2,205,637)	(714,873)	(2,096,546)
Financing Activities			
Share capital issued, *net of issuance costs*	2,991,036	1,029,000	(4,234)
Net Increase (Decrease) in Cash and Cash Equivalents	(595,485)	(1,039,739)	(3,474,056)
Cash and cash equivalents – Beginning of year	4,475,681	5,515,420	9,014,599
Cash and cash equivalents – Discontinued operation	-	–	(25,123)
Cash and Cash Equivalents - End of Year	$ 3,880,196	$ 4,475,681	$ 5,515,420

Supplemental Disclosure of Non-Cash Investing and Financing Activities	2011	2010	2009
Exploration expenditures included in accounts payable	$ -	$ 658	$ 6,648
Shares issued for mineral properties	$ 2,446,148	$ 14,750	$ 9,500
Share purchase warrants issued for mineral properties	$ 675,570	$ –	$ –
Business acquisition costs included in accounts payable	$ -	$ –	$ 259,870
Shares received for disposition of discontinued operation	$ -	$ 2,694,300	$ –
Share purchase warrants received for disposition of discontinued operation	$ -	$ 225,590	$ –

- See Accompanying Notes -

Pacific North West Capital Corp.

(An Exploration Stage Company)

Statement 5

Consolidated Schedules of Mineral Property Costs

For the Years Ended 30 April

Canadian Funds

	2011 Acquisition Costs	2011 Exploration Costs	2011 Total	2010 Total
British Columbia Property:				
BC Rock & Roll				
Cash payments	$ 40,000	$ -	$ 40,000	$ 10,000
Shares issued for properties	5,500	-	5,500	4,500
Drilling	-	-	-	254,910
Geophysical	-	-	-	93,169
Field expenses	-	-	-	33,290
Engineering and geological consulting	-	156,871	156,871	55,806
	45,500	156,871	202,371	451,675
Ontario Properties:				
River Valley				
Cash payments	79,270	-	79,270	-
Shares and warrants issued for properties	3,110,718	-	3,110,718	-
Engineering and geological consulting	-	902,055	902,055	-
	3,189,988	902,055	4,092,043	-
West Timmins Nickel				
Engineering and geological consulting	-	-	-	2,250
Coldwell Project				
Engineering and geological consulting	-	-	-	6,583
Swayze Joint Ventures				
Engineering and geological consulting	-	-	-	1,173
Raglan Hills				
Engineering and geological consulting	-	-	-	111
Ontario Project				
Field expenses	-	-	-	735
Engineering and geological consulting	-	-	-	974
	-	-	-	1,709
East Sudbury Ontario				
Engineering and geological consulting	-	-	-	864
Amounts recovered or received	-	-	-	(38,280)
	-	-	-	(37,416)
Quebec Properties:				
SOQUEM – Taureau				
Engineering and geological consulting	-	-	-	376
Glitter Lake				
Cash payments	23,310	-	23,310	-
Field expenses	-	-	-	161
Quebec credit	-	-	-	(14,462)
Engineering and geological consulting	-	-	-	4,540
	23,310	-	23,310	(9,761)
Fiedmont				
Field expenses	-	-	-	1,187
Quebec credit	-	(47,535)	(47,535)	-
Assay and geochemical	-	-	-	1,080
Drilling	-	-	-	14,778
Engineering and geological consulting	-	1,000	1,000	16,159
	-	(46,535)	(46,535)	33,204
Balance Carried Forward	$ 3,258,798	$ 1,012,391	$ 4,271,189	$ 449,904

- See Accompanying Notes -

Pacific North West Capital Corp.
(An Exploration Stage Company)

Consolidated Schedules of Mineral Property Costs - continued

For the Years Ended 30 April

Canadian Funds

	2011			2010
	Acquisition Costs	Exploration Costs	Total	Total
Balance Forward	$ 3,258,798	$ 1,012,391	$ 4,271,189	$ 449,904
Quebec Properties – Continued:				
Destiny Gold				
Cash option payments	25,000	-	25,000	40,704
Shares issued for properties	5,500	-	5,500	2,750
Field expenses	-	2,174	2,174	5,341
Assays	-	9,640	9,640	-
Drilling	-	-	-	751,169
Engineering and geological consulting	-	428,702	428,702	158,285
	30,500	440,516	471,016	958,249
Saskatchewan Property:				
Nickel Plats				
Cash payments	20,000	-	20,000	15,000
Shares issued for property	-	-	-	7,500
Engineering and geological consulting	-	-	-	2,051
	20,000	-	20,000	24,551
Alaska Properties:				
Reconnaissance (Kane, Tonsina, S.E. Alaska)				
Property fees	-	17,080	17,080	12,005
Engineering and geological consulting	-	39,086	39,086	2,821
	-	56,166	56,166	14,826
Union Bay				
Engineering and geological consulting	-	7,457	7,457	2,468
Property fees	-	12,643	12,643	14,156
Amounts recovered or received	-	(13,158)	(13,158)	-
	-	6,942	6,942	16,624
Africa Property:				
Burkina Faso				
Cash payments	75,000	-	75,000	-
Consulting & travel	-	111,693	111,693	-
	75,000	111,693	186,693	-
Cost for the year	3,384,298	1,627,708	5,012,006	1,464,154
Balance – Beginning of year	846,007	3,053,587	3,899,594	4,333,979
Mineral property costs written off	(831,362)	(1,718,190)	(2,549,552)	(1,898,539)
Balance – End of year	$ 3,398,943	$ 2,963,105	$ 6,362,048	$ 3,899,594

- See Accompanying Notes -

1. Nature and Continuance of Operations and Significant Accounting Policies

a) Nature and Continuance of Operations

Pacific North West Capital Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on 29 May 1996 and on 13 July 2004, the Company continued out of the Province of Alberta and into the Province of British Columbia. The Company is in the process of acquiring, exploring and developing Platinum Group Metals ("PGMs"), precious and base metals mineral properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage.

b) Principles of Consolidation

The consolidated financial statements of the Company and the accompanying notes have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP").

Consolidated financial statements include the assets, liabilities and results of operations of all entities controlled by the Company. The effects of transactions between entities in the consolidated group are eliminated. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of loss and deficit from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

The consolidated financial statements for the year ended 30 April 2011 are prepared on a consolidated basis and include the accounts of the Company and its wholly owned US subsidiaries, Pacific North West Capital Corp. USA and Pacific North West Capital de México, S.A. de C.V. on the basis that the Company owned and effectively controlled a 100% interest in these companies.

c) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash investments with institutions of high-credit worthiness.

d) Mineral Properties and Deferred Exploration Expenditures

Direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company are deferred on an individual property basis until the viability of a property is determined. Administration costs and general exploration costs are expensed as incurred. When a property is placed in commercial production, deferred costs will be depleted using the units-of-production method. Management of the Company periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the costs are written off, or if its carrying value has been impaired, then the mineral properties and deferred costs are written down to fair value.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

1. Nature and Continuance of Operations and Significant Accounting Policies – *Continued*

d) Mineral Properties and Deferred Exploration Expenditures – *Continued*

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

e) Mineral Exploration Tax Credits ("METC")

The Company recognizes METC amounts and applies those amounts against exploration costs when the Company's application for tax credits is approved by the Canada Revenue Agency. Assessments, if any, for taxes, penalties and interest are deducted from the tax credits when assessed.

f) Property, Plant and Equipment

Property, plant and equipment is valued at cost less accumulated amortization. The Company provides amortization of furniture and office equipment and automotive equipment using the declining balance method at 20% and 30%, respectively.

g) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

h) Foreign Currency Translation

The Company's subsidiaries are integrated foreign operations and their results and financial position are translated into the Company's functional currency, the Canadian dollar, using the temporal basis as follows:

- Monetary assets and liabilities at year-end rates,
- All other assets and liabilities at historical rates, and
- Expense and exploration and development items at the average rate of exchange prevailing during the year.

Exchange gains and losses arising from these translations are reflected in income or expense in the period that they occur.

i) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, over the applicable vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

1. Nature and Continuance of Operations and Significant Accounting Policies – *Continued*

j) Loss per Share

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share which assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted loss per share are the same.

k) Management's Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

l) Flow-Through Shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized with a corresponding reduction in share capital.

If a Company has sufficient unused tax losses and deductions (“losses”) to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

m) Financial Instrument Standards

Financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-to-maturity, loans and receivables, available-for-sale or held-for-trading, as described below. The classification is not changed subsequent to initial recognition.

Held-to-Maturity and Loans and Receivables

Financial instruments that have a fixed maturity date, where the Company intends and has the ability to hold to maturity, are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Loans and receivables are measured at amortized cost using the effective interest method. Amounts receivable are classified as loans and receivables.

Available-for-sale

Financial assets classified as available-for-sale are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in other comprehensive income. Available-for-sale securities are written down to fair value through earnings whenever it is necessary to reflect an other-than-temporary impairment. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to its fair value. Shares held in other public companies are classified in this category.

1. Nature and Continuance of Operations and Significant Accounting Policies – *Continued*

m) Financial Instrument Standards – *Continued*

Held-for-Trading

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are measured at fair value with the change in the fair value recognized in income. Share purchase warrants of other public companies are classified in this category.

Derivatives and Hedge Accounting

The Company has no derivative instruments that are designated and qualify as hedging items.

Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the net investment in self-sustaining operations and changes in the fair market value of derivate instruments designated as cash flow hedges, all net of income taxes. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity.

n) International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after 1 January 2011. The transition date of 1 January 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended 30 April 2011. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The Company has developed the framework of a plan for IFRS convergence and has started the implementation process.

o) Comparative Figures

Certain comparative figures have been adjusted to conform to the current year's presentation.

2. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, available-for-sale securities, share purchase warrants and accounts payable. The fair value of these financial instruments, with the exception of available-for-sale securities and share purchase warrants, approximates their carrying values, due to their short-term maturity or capacity of prompt liquidation.

Disclosure of a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of financial instruments carried on the balance sheet at fair value is as follows:

	Fair Value Measurement	30 April 2011	30 April 2010
Available-for-sale securities *(Note 4)*	Level 1	$ 4,164,605	$ 2,466,360
Available-for-sale securities *(Note 4)*	Level 2	225,000	–
Share purchase warrants *(Note 4)*	Level 2	426,158	275,334

2. Financial Instruments – *Continued*

The three levels are defined as follows:

Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement.

a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing with only with highly-rated financial institutions. As at 30 April 2011, amounts receivable was mainly comprised of Harmonized Sales Tax receivable of $184,818 (30 April 2010 - $10,433). As a result, credit risk is considered insignificant.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at 30 April 2011, the Company had $3,880,196 in cash and cash equivalents (30 April 2010 - $4,475,681) to settle current liabilities of $403,338 (30 April 2010 - $96,951) and, accordingly, liquidity risk is considered insignificant.

c) Currency Risk

The Company is exposed to currency risk to the extent of its acquisition and exploration expenditures on its US properties and African property. The Company's expenditures will be negatively impacted if the US dollar increases versus the Canadian dollar.

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has cash and cash equivalents held in US dollars.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash and cash equivalents in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and balance sheet exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's significant foreign currency exposures during the years ended 30 April 2011 and 2010:

	2011	2010
Cash and cash equivalents	US$ 946,242	US$ 732,412

The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

2. Financial Instruments – *Continued*

d) Interest Risk

The Company's interest rate risk is primarily related to the Company's cash and cash equivalents for which amounts were invested at interest rates in effect at the time of investment. Changes in market interest rates affect the fair market value of the cash and cash equivalents. However, as these investments come to maturity within a short period of time, the impact would likely not be significant.

e) Commodity Price Risk

The Company is in the exploration stage and is not subject to commodity price risk.

3. Restricted Cash and Cash Equivalents

A total of $Nil of the Company's cash and cash equivalents at 30 April 2011 (2010 - $567,771) relates to proceeds from the issuance of flow-through shares and is restricted to future expenditures on Canadian mineral property operating expenditures.

4. Investments

	30 April 2011		30 April 2010	
	Cost	Fair Value	Cost	Fair Value
Fire River Gold Corp. ("FAU") 5,363,000 (30 April 2010 – 4,647,500) common shares 2,487,500 (30 April 2010 – 1,000,000) share purchase warrants. 1,000,000 warrants expire on 2 October 2011, 912,500 warrants expire on 5 November 2011, 325,000 warrants expire on 12 May 2012 and 250,000 warrants expire on 24 June 2012	$ 2,496,995	$ 3,108,758	$ 2,177,540	$ 2,096,895
CanAlaska Uranium Ltd. ("CanAlaska") Nil (30 April 2010 – 68,600) common shares	-	-	13,061	10,290
El Niño Ventures Inc. ("El Niño") 5,789,142 (30 April 2010 – 1,429,071) common shares 4,142,856 (30 April 2010 – 1,428,571) share purchase warrants. 1,428,571 warrants expire on 20 May 2011, 714,285 warrants expire on 29 September 2012 and 2,000,000 warrants expire on 5 October 2013	443,344	938,036	100,074	176,804
Next Gen Metals Inc. ("Next Gen") 1,216,667 (30 April 2010 – 500,000) common shares 333,334 (30 April 2010 - Nil) share purchase warrants expire on 3 February 2012	155,000	300,850	25,000	150,000
Foran Mining Corporation ("Foran") 46,000 (30 April 2010 - 2,600,000) common shares	19,714	44,620	282,100	78,000
Breakwater Ltd. ("Breakwater") Nil (30 April 2010 – 23,752) common shares	-	-	422,108	102,135
Alto Ventures Ltd. ("Alto") Nil (30 April 2010 - 549,000) common shares	-	-	21,960	32,940
Other marketable securities	426,000	423,499	140,530	94,630
	$ 3,541,053	$ 4,815,763	$ 3,182,373	$ 2,741,694

The above investments have been accounted for using the fair value method. All investments represent less than a 5% ownership of the respective companies except for FAU which represents 7.96%. FAU, El Niño and Next Gen are companies that have certain directors in common with the Company.

4. Investments – *Continued*

During the year, the Company sold 2,674,500 common shares of FAU for proceeds of $1,347,547 resulting in a gain of $223,923.

During the year, the Company sold 68,600 common shares of CVV for proceeds of $5,831 resulting in a loss of $6,894.

During the year, the Company sold 604,000 common shares of Foran Mining Corp. for proceeds of $434,723 resulting in a gain of $172,423.

During the year, the Company sold 549,000 common shares of Alto for proceeds of $38,559 resulting in a gain of $16,253.

During the year, the Company sold 23,752 common shares of Breakwater for proceeds of $56,125 resulting in a loss of $368,992.

During the year, the Company sold 529,500 common shares of other marketable securities for proceeds of $189,647 resulting in a gain of $7,567.

During the year, the Company purchased 1,428,571 units at a purchase price of $0.07 and 2,000,000 units at a purchase price of $0.05 (30 April 2010 - 1,428,571) of El Niño. Each unit priced at $0.07 per unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each unit priced at $0.05 per unit consists of common share and one non-transferable common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of El Nino at an exercise price of $0.10 per common share until 18 months and three years from the date of issuance, respectively.

During the year, the Company purchased 1,825,000 units at a purchase price of $0.40 and 1,150,000 units at a purchase price of $0.45 (30 April 2010 - Nil) of FAU. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of FAU at an exercise price of $0.60 and $0.65 per common share until 18 months from the date of issuance, respectively.

During the year, the Company purchased 666,667 units at a purchase price of $0.15 (30 April 2010 - Nil) of Next Gen. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of Next Gen at an exercise price of $0.25 per common share until 18 months from the date of issuance.

During the year, the Company received 50,000 shares of Next Gen valued at $0.60 per share in relation to a finder's fee payment.

During the year ended 30 April 2010, the Company received 6,415,000 common shares and 1,000,000 share purchase warrants of FAU valued at $2,694,300 and $225,590 for the sale of MCR, respectively *(Note 5r)*. Each share purchase warrant entitles the holder to purchase one common share of FAU at an exercise price of $0.50 per common share until 2 October 2011.

5. Mineral Property Costs

a) Details are as follows:

	Acquisition (Net of option payments received)	Exploration	Exploration Advances /Refunds	Write-off Mineral Property Costs	Total 30 April 2011	Total 30 April 2010
British Columbia Property						
BC Rock & Roll	$ 60,000	$ 594,046	$ -	$ -	$ 654,046	$ 451,675
Ontario Properties						
River Valley Joint Venture	3,189,989	5,955,154	(5,053,099)	-	4,092,044	1
Sargesson and Kelly/Davis	27,900	11,954	-	(39,854)	-	39,854
West Timmins Nickel	56,595	3,077,592	-	(3,134,187)	-	-
Coldwell Project	223,761	775,608	-	(999,369)	-	-
Swayze, Joint Venture (Nickel Muir)	80,572	205,774	-	(286,346)	-	-
Raglan Hills (South Renfrew)	13,517	148,151	-	(161,668)	-	16,167
East Sudbury	160,309	829,897	(38,280)	(951,926)	-	757,741
Goodchild	-	1,140	-	(1,140)	-	1,140
Walsh Township	36,400	38,643	-	(75,043)	-	-
North Duluth	-	3,038	-	(3,038)	-	3,038
Québec Properties						
SOQUEM - Taureau	-	326,794	-	(326,794)	-	-
SOQUEM - Chenneville	-	206,618	-	(206,618)	-	-
Glitter Lake	103,910	293,932	(135,402)	(262,440)	-	239,130
Fiedmont	42,500	195,389	(47,535)	(190,354)	-	-
Destiny Gold	73,954	1,355,311	-	-	1,429,265	958,249
Nickel Plats, Saskatchewan	244,995	453,614	-	(698,609)	-	678,609
Winter Lake, Northwest Territories	52,250	2,704	-	(54,954)	-	-
Alaska Properties						
Goodnews Bay	158,730	1,265,854	(1,193,500)	(231,084)	-	-
Reconnaissance (Kane, Tonsina, SE Alaska)	27,946	1,036,304	(500,000)	(564,250)	-	508,084
Union Bay	441,593	4,075,575	(4,264,320)	(252,848)	-	245,906
North Voisey, Labrador	46,081	9,671	-	(55,752)	-	-
Africa Property						
Burkina Faso	75,000	111,693	-	-	186,693	-
	$ 5,116,002	$ 20,974,456	$ (11,232,136)	$ (8,496,274)	$ 6,362,048	$ 3,899,594

5. Mineral Property Costs – *Continued*

b) BC Rock & Roll

On 28 July 2009, the Company obtained an option from Misty Creek Ventures Ltd. (Misty Creek Ventures Ltd. was dissolved in January 2010 and its interest was transferred to Equity Exploration Consultants Ltd.), First Fiscal Enterprises Ltd. and Pamicon Developments Ltd. (collectively the “Vendors”) on the Rock & Roll property (the “Property”), located in the Liard Mining District approximately 9 km west of the Bronson airstrip and exploration camp in northern British Columbia. Under the terms of the Letter Agreement, the Company can earn a 100% interest in the Property over a four year period by completing $2,000,000 ($594,046 incurred) in exploration expenditures, paying the Vendors $130,000 and providing the Vendors with a total of 600,000 of the Company's shares (100,000 shares issued) *(Note 8b)*. The Vendors will retain a 2% Net Smelter Return ("NSR"), of which 1% can be purchased for $3,000,000. The property is also subject to an underlying NSR of 3% and an underlying Net Profits Interest Royalty ("NPI") of 15%, both of which are payable to Prime Equities International Corporation, and both of which are purchasable by the Forrest Syndicate and/or heirs and assignees in their entirety for $1,500,000 each.

c) River Valley Farm-In and Joint Venture

By agreement dated 14 July 1999, the Company granted to Kaymin Resources Limited (“Kaymin”), a wholly-owned subsidiary of Anglo Platinum Limited, an option to earn up to a 65% interest in the Company’s portion of certain properties, including the River Valley property, the Goldwright property, the Frontier property (these claims were allowed to lapse on 12 December 2006), the Washagami property (these claims were allowed to lapse on 10 December 2008), the Razor property and the Western Front property *(Notes 5c(i)-5c(iv) respectively)*, in the Sudbury Region of Ontario. During a prior year, Kaymin elected to vest obtaining a 50% interest in the properties upon having paid the Company $300,000 (received in a prior year) and advanced and spent in excess of $4,000,000 for exploration on the properties.

Kaymin continued to fund exploration under the terms of JV until 2007 and invested over $22M in the exploration of the property; however, as a result of capital expenditure reductions during the global financial crisis in 2008, no new funds were allocated to the River Valley Project above and beyond the minimal holding costs.

By way of a Mineral Interest Assignment Agreement dated for reference 13 December 2010, as amended on 6 April 2011 (“Assignment Agreement”), the Company completed the purchase of Kaymin’s 50% interest in the River Valley claims, providing the Company with an undivided 100% interest in the River Valley PGM Project. Under the terms of the Assignment Agreement, Kaymin exchanged its 50% interest in the JV, for a 12% interest in the Company, based on the issued and outstanding common shares of the Company as of 30 November 2010 (67,543,008 common shares). The aggregate purchase price for the 50% interest in the River Valley PGM project was:

- 8,117,161 fully paid and non-assessable common shares of the Company (issued) (*Note 8b*); and
- Three-year warrants exercisable to purchase 3,000,000 common shares of the Company at a price of $0.30 per common share (issued) (*Notes 8b and 8g*).

Included in accounts payable and accrued liabilities is $120,337 payable to Kaymin related to the cash received from the River Valley Joint Venture.

i) River Valley Property, Ontario

By agreement dated 15 January 1999 and amended 11 March 1999, the Company acquired a 100% interest in 226 claim units, known as the River Valley Property, located in the Dana and Pardo Townships, Sudbury Mining District, Ontario. As consideration, the Company paid $265,000 and issued 600,000 common shares to the optionors. In addition, minimum annual exploration expenditures of $100,000 were completed. The property is subject to a 3% NSR. The Company, at its option, can purchase up to 2% of the NSR from the vendors for $2,000,000.

5. Mineral Property Costs – *Continued*

c) River Valley Farm-In and Joint Venture – *Continued*

ii) Goldwright Property, Ontario

By agreement dated 30 June 1998 and subsequently amended, the Company earned a 25% interest in certain mineral claims known as the Janes property, located in the Janes Township, Sudbury Mining District, Ontario. Certain claims are subject to a 2% NSR.

iii) Razor Property, Ontario

The Company acquired a 100% interest in certain mineral claims located in the Dana Township, Sudbury Mining District, Ontario for consideration of $30,000.

The property is subject to a 2% NSR.

iv) Western Front Property, Ontario

By agreement dated 16 November 2001, the Company earned a 70% interest in certain mineral claims known as the Western Front property from a company (the "optionor") with certain directors in common, for consideration of $55,000 and issuance of 20,000 shares. In addition, an exploration expenditure of $50,000 was completed.

The Company has the right to purchase an additional 30% interest in the property by paying $750,000 to the optionor.

The property is subject to a 3% NSR, the first 1% of which the Company can purchase for $1,000,000; the second 1% can be purchased for $2,000,000. The Company and the optionor will share the NSR buyout privileges in proportion to their respective interests.

d) Sargesson and Kelly/Davis Properties, Ontario

The Company acquired a 100% interest in certain mineral claims, known as the Sargesson and Kelly/Davis properties, located in the Janes, Davis and Kelly Townships, Sudbury Mining District, Ontario. As consideration, the Company paid $68,400 and incurred $30,000 in exploration expenditures.

The property is subject to a 2% NSR. The Company can purchase 1% of the NSR from the vendors for $400,000 and has the right of first refusal on the remaining 1% NSR.

e) Raglan Hills, Ontario (formerly: South Renfrew Property)

In 2006, the Company acquired 6 claims by staking in Raglan Township, Ontario. In 2007, the Company entered into a 50:50 joint venture agreement with First Nickel Inc. ("First Nickel") to evaluate the claims as well as their adjoining claims as one property. Due to the downturn in commodity prices, the Company elected to not contribute to the financial participation in 2009 and as a result, the Company's participating interest has been decreased. As defined in the joint venture agreement, the Company's participating interest has been converted to a 1.5% NSR over the Raglan Hills property and a provision for writedown of $145,501 has been recorded during a previous year, which represents a reduction in the Company's participating interest by 90%.

f) Coldwell Properties, Ontario

On 18 September 2007, the Company acquired 91 mineral claims by staking in the Coldwell Area near Marathon, Ontario.

An exploration program of prospecting, lake-bottom sediment geochemical sampling, and an airborne EM and magnetic survey was initiated to evaluate the claims. Anomalies generated by these surveys were evaluated in a subsequent work program in the fall of 2008. No significant mineralization was identified during the course of this work. The Company allowed the Coldwell claims to lapse in July and August 2010.

5. Mineral Property Costs – *Continued*

g) Goodchild Property, Ontario

During the previous year, the Company acquired 28 mineral claims by staking in the Goodchild area of Ontario. The Goodchild property was incorporated into the Coldwell Project described in the preceding paragraph, and a portion of the 2008 Coldwell work program was directed at identifying mineralization on the Goodchild property.

As with the Coldwell Project; the Company allowed the Goodchild claims to lapse in February 2010.

h) East Sudbury Property, Ontario

In September 2009, the Company entered into a purchase agreement with Trueclaim Exploration Ltd. ("Trueclaim") whereby Trueclaim would purchase 100% ownership of certain claims that formed part of the East Sudbury property for a 1.5% NSR and 50,000 Trueclaim shares. In September 2009 the property was reduced from 128 claims to 60 claims.

In September 2009 the property was reduced from 128 claims to 60 claims and from then through December 2009 an additional 56 claims were lapsed. The Company allowed the balance of the claims remaining to lapse in August 2010.

i) Swayze Joint Venture, Ontario

During a previous year, the Company acquired claims by staking in Kenogaming Township (in the Swayze Greenstone Belt), Ontario. In March 2008, the Company entered into a three-year, 50:50 joint venture agreement with Benton Resources Corp. ("Benton") to evaluate the claims that both parties held in the Swayze Greenstone Belt. It is proposed that the exploration budget over the three years will be $1,200,000 with the first year's budget of $400,000.

During a previous year, the Company issued 10,000 common shares valued at $6,500 related to this property.

On 5 May 2009, the joint venture was terminated. The Company allowed the Swayze claims to lapse in January 2010 and has no further plans for this project.

j) North Duluth Property, Ontario

During a previous year, the Company spent $3,038 related to the acquisition of the 10 mineral claims in the Crystal Lake Area south of Thunder Bay, Ontario.

On 25 February 2009, the property was reduced to 8 claims and in February 2010 the remaining claims lapsed.

k) Glitter Lake Property, Québec

By agreement dated 15 August 2003, as amended on 30 April 2006, the Company can acquire, from CanAlaska Uranium Ltd. ("CanAlaska"), a company that previously had certain directors in common, a 50% interest in certain mineral claims known as the Glitter Lake property, located in the province of Québec. As consideration, the Company, at its option, must issue shares, make payments and incur exploration expenditures (the expenditure commitments for 2008 and 2009 have been extended to 2009 and 2010 as agreed to in an amendment dated 1 April 2008) as follows:

5. Mineral Property Costs – *Continued*

k) Glitter Lake Property, Québec – *Continued*

		Payments	Shares	Exploration Expenditures
On or before 15 April 2003	*(completed)*	$ -	-	$ 50,000
Upon execution of agreement	*(paid)*	10,000	-	-
On or before 4 June 2004	*(issued)*	-	20,000	-
On or before 15 August 2004	*(paid)*	15,000	-	-
On or before 28 May 2005	*(issued)*	-	20,000	-
On or before 15 August 2005	*(paid)*	20,000	-	-
On or before 28 May 2006	*(issued)*	-	20,000	-
On or before 15 April 2007	*(completed)*	-	-	150,000
On or before 15 April 2009	*(partially completed)*	-	-	200,000
On or before 15 April 2010	(agreement terminated)	-	-	300,000
Total		$ 45,000	60,000	$ 700,000

On 30 January 2009, the Company and CanAlaska signed an amendment to the option agreement whereby CanAlaska assigned a 100% interest in the Glitter Lake property to the Company in consideration of approximately $83,600 for CanAlaska's remaining lease obligations with respect to the Company's Kerrisdale office location to the end of the lease term in November 2010. CanAlaska retains a 0.5% NSR interest in the property. The original option agreement has thus been terminated.

A joint venture partner is being sought to further explore the Glitter Lake property.

l) Fiedmont, Val d'Or, Québec

On 16 December 2008, the Company entered into an Option Agreement (the "Agreement") with Kinbauri Gold Corp. ("Kinbauri") whereby the Company may earn a 60% interest in Kinbauri's Fiedmont Property ("Fiedmont") subject to a 2% NSR held by the original vendors; the vendor's NSR is subject to a one percent, $900,000 buyback.

Under the terms of the Agreement, the Company may pay Kinbauri an aggregate amount of $98,000, issue 150,000 common shares to Kinbauri, subject to regulatory hold periods and expend $400,000 on exploration prior to 30 November 2010 to earn its interest. The Company's first year commitment is mandatory and includes payment to Kinbauri of $38,000 (paid), issuance of 50,000 shares (issued, valued at $4,500) and expenditures of $150,000 (incurred) on exploration prior to 30 Novembe2009. The Fiedmont property is located 30km north of Val d'Or, Québec, and is road accessible. The property consists of 84 claims (3,458 ha); 40 claims of which were staked in 2008.

The Fiedmont option agreement was terminated on 13 October 2009.

m) Destiny Gold Project

In September 2009, the Company announced that it had entered into an option agreement with Alto Ventures Ltd. ("Alto") on the Destiny Gold Project (formerly the Despinassy Project) located approximately 75 km north of Val d'Or in the Abitibi-Témiscamingue region of Québec (the "Alto Option Agreement). The property consists of 175 mining claims totalling 7,260 ha. Under the terms of the Alto Option Agreement, the Company will pay Alto $200,000, provide Alto with 250,000 common shares of the Company (*Notes 8b and 10*), and complete a cumulative total of $3,500,000 in exploration expenditures over a four year period, with minimum exploration expenditures of $1,400,000 to earn a 60% interest in the Destiny Gold property as follows:

5. Mineral Property Costs – *Continued*

m) Destiny Gold Project – *Continued*

			Payments	Shares		Minimum Exploration Expenditures
Upon execution of agreement	(paid/issued)	$	25,000	25,000	$	-
On or before 31 December 2009	(incurred)		-	-		300,000
On or before 28 July 2010	(paid/issued)		25,000	50,000		-
On or before 31 December 2010	(incurred)		-	-		300,000
On or before 28 July 2011			50,000	75,000		-
On or before 31 December 2011			-	-		400,000
On or before 28 July 2012			50,000	100,000		-
On or before 31 December 2012			-	-		400,000
On or before 28 July 2013			50,000	-		-
Total		$	200,000	250,000	$	1,400,000

Subsequent to vesting of its interest, the Company will form a joint venture with Alto to further develop the project. Certain claims comprising the property are subject to underlying net smelter return royalties ranging from 1% to 3.5%, with varying buy-back provisions.

n) Nickel Plats, Saskatchewan

By agreement dated 30 April 2007, the Company can acquire, from Diamond Hunter Ltd. (“Hunter”), a 100% interest in certain mineral claims known as the Nickel Plats property, located in the province of Saskatchewan.

On 30 March 2009, the Company and Hunter signed an amendment to the terms of the agreement as follows *(Notes 8b and 10)*:

			Payments	Shares		Exploration Expenditures
Upon execution of agreement	*(paid/issued)*	$	10,000	75,000	$	-
On or before 30 June 2007	*(paid)*		20,000	-		-
On or before 30 April 2008	*(paid/issued)*		30,000	75,000		-
On or before 30 April 2009	*(paid/issued)*		15,000	50,000		-
On or before 30 April 2010	*(paid/issued)*		15,000	50,000		-
On or before 30 April 2011*	*(paid)*		20,000	-		-
On or before 30 April 2012*			20,000	-		-
On or before 30 April 2013*			20,000	-		-
Total		$	150,000	250,000	$	-

* The payments of $20,000 are Advanced Royalty Payments based on the price of nickel maintaining a minimum price of US$6.00/lb in the three months preceding each of the 4th, 5th and 6th anniversary of the agreement. In the case that the price of nickel does not maintain a minimum price of US$6.00/lb in the three months preceding each of the 4th, 5th and 6th anniversary of the agreement, the dollar amount of the Advanced Royalty Payments will be less than $20,000 on the 4th, 5th and 6th anniversary of the agreement and the actual dollar amount will be negotiated between Hunter and the Company at the time of the anniversary.

An additional 100,000 shares may be issued upon vesting of 100% interest if the results of a feasibility studies are positive.

The property is subject to a 2.0% NSR. The Company shall have the right to purchase a 1.0% NSR for $750,000.

During a previous year, by agreement dated 16 May 2007, the Company can acquire for $10,000 (paid), from Hunter, a 100% interest in certain mineral claims known as the Nickel Plats adjunct property, located in the province of Saskatchewan.

5. Mineral Property Costs – *Continued*

n) Nickel Plats, Saskatchewan – *Continued*

The Nickel Plats adjunct property is subject to a 2.0% NSR. The Company shall have the right to purchase a 1.0% NSR for $750,000.

A joint venture partner is being sought to further explore the Nickel Plats Project.

o) Tonsina Property, Alaska

The Tonsina property, presently defined, consists of 46 State of Alaska mining claims, known as the "Marc" claims 1-46 (ADL Nos. 610060 – 610105) which were staked in June 2006. These claims comprise a contiguous group of State of Alaska ¼ section claims covering approximately 29.78 sq. kilometers (744.62 hectares, or 7,360 acres), herein referred to as the "Tonsina property". The claims are owned 100% by the Company.

A joint venture partner is being sought to further explore the project.

p) Kane Property, Alaska

During a previous year, the Company acquired certain mineral claims by staking in Alaska. On 6 June 2007, the Company entered into an option agreement with Stillwater pertaining to ongoing exploration on the property (the "Stillwater Option Agreement"). Under the terms of the Stillwater Option Agreement, Stillwater could elect to spend US$3.5 million to earn 50% of the first selected property and US$4.0 million on each subsequent selected property by 31 December 2011.

In March 2008, Stillwater elected not to continue with exploration on the property in order to evaluate new ground in southeast Alaska.

The Company continues to maintain the Kane property's mineral claims and a joint venture partner is being sought to further explore the property.

q) Union Bay Property, Alaska

By agreement dated 1 October 2002 and amended 2 April 2003 and 4 February 2004, the Company could acquire, from Freegold Ventures Limited ("Freegold"), a company that previously had certain directors and officers in common, an option to earn up to a 70% interest in the Union Bay Property.

In order to earn its 50% interest, the Company purchased a private placement of $165,000 (2002) and made cash payments, issued shares and incurred exploration expenditures as follows:

	Payments	Shares	Exploration Expenditures
- Within 5 days from approval date *(issued)*	$ -	30,000	$ -
- On or before 1 July 2003 *(paid/incurred)*	20,000	-	30,000
- On or before 30 January 2004 *(issued)*	-	30,000	-
- On or before 1 July 2004 *(paid/incurred)*	20,000	-	30,000
- On or before 1 July 2005 *(paid/incurred)*	30,000	-	340,000
- On or before 1 July 2006 *(paid/incurred)*	30,000	-	600,000
	$ 100,000	60,000	$ 1,000,000

Following vesting with a 50% interest on 1 July 2006, the Company had the right to elect within 45 days to increase its interest to 60% by completing a feasibility study within 12 months of vesting with 50%. This election was not made.

Under the terms of the agreement, the Company upon vesting with 50%, issued 253,586 shares at market value for $100,000 to Freegold. 134,538 shares were issued and accounted for in a previous year.

5. Mineral Property Costs – *Continued*

q) Union Bay Property, Alaska – *Continued*

By Memorandum of Agreement dated 4 May 2007, Freegold and the Company confirmed their 50:50% interest in the property.

Freegold and the Company are seeking a joint venture partner to further develop this project.

r) Nixon Fork Property, Alaska

On 12 February 2009, the Company acquired a 100% interest in the Nixon Fork Gold Mine through the purchase of Mystery Creek Resources, Inc. ("MCR") located 56 km northeast of McGrath, Alaska for a total consideration of US$500,000. The Company paid US$100,000 upon signing the agreement dated 9 December 2008. The Company exercised the option by agreeing to pay a further US$400,000 of which US$100,000 was paid 12 February 2009, and the balance is required to be paid in three equal instalments on 1 May 2009 (paid), 1 July 2009 (paid) and 1 September 2009 (paid).

In June 2009, the Company granted FAU an option to acquire all of the outstanding shares of MCR. FAU paid US$50,000 on signing of the agreement. The sale of MCR to FAU was approved by the Company's shareholders in August 2009. The shareholders of FAU approved the purchase of MCR in September 2009. FAU exercised the option by making further payments totaling US$450,000, and issuing a total of US$2.5 million in FAU shares at a deemed price of $0.45 per share for a total of 6,415,000 shares. FAU also issued to the Company 1,000,000 share purchase warrants entitling the Company to purchase 1,000,000 shares at an exercise price of $0.50 for a period of twenty-four months from the date of closing (*Note 4*) and reimbursed all expenses incurred by the Company from 1 May 2009 for a total of CDN$773,766.

s) Burkina Faso, Africa

On 18 January 2011, the Company entered into agreements with Somitra to acquire 100% interest in the properties of Kangara, Kalempo and LHorosso. The Company can earn a 100% interest in the properties under the following terms of the agreements:

- US$75,000 on signing of the agreements (paid);
- US$30,000 on six months following the signing of the agreements;
- US$105,000 on the first anniversary of the signing of the agreements;
- US$120,000 on the second anniversary of the signing of the agreements;
- US$150,000 on the third anniversary of the signing of the agreements; and
- After completion of transferring the claims, the Company is required to issue 450,000 common shares of the Company to Somitra or pay the sum of US$135,000.

Each property is subject to a 1.0% NSR with the buyout price of US$1,000,000 for any deposit over 1 million ounces and US$500,000 for any deposit under 1 million ounces.

6. Property, Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization	30 April 2011 Net Book Value
Automotive equipment	$ 122,947	$ 66,018	**$ 56,929**
Furniture and office equipment	266,609	199,415	**67,194**
	$ 389,556	$ 265,433	**$ 124,123**

6. Property, Plant and Equipment – *Continued*

		Cost		Accumulated Amortization		30 April 2010 Net Book Value
Automotive equipment	$	86,470	$	55,240	$	31,230
Furniture and office equipment		252,573		176,910		75,663
	$	339,043	$	232,150	$	106,893

During the year ended 30 April 2011, total additions to property, plant and equipment were $50,513 (30 April 2010 - $23,085).

7. Related Party Transactions

Except as disclosed elsewhere in these consolidated financial statements, related party transactions are as follows:

a) During the year, management fees of $200,071 (2010 - $189,698, 2009 - $214,972) were paid to a company controlled by a director and Chairman.

b) During the year, engineering and consulting fees of $99,399 (2010 - $38,983, 2009 - $Nil) were paid to the Vice President of Exploration.

c) During the year, engineering and consulting fees of $6,700 (2010 - $86,451, 2009 - $Nil) were paid to the Vice President of Engineering.

d) During the year, consulting fees of $18,658 (2010 - $8,663, 2009 - $63,076) were paid to a company controlled by a director.

e) During the year, consulting fees of $47,000 (2010 - $12,890, 2009 - $Nil) were paid to a director and Corporate Secretary.

f) Effective 1 February 2005, each outside director is entitled to receive $500 per month, $500 per directors meeting and $500 per committee meeting. During the year, $23,000 (2010 - $25,000) was paid/accrued to directors.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Share Capital

a) Private Placements

On 30 December 2009, the Company closed the non-brokered private placement of 5,360,000 units at a purchase price of $0.20 per unit for gross proceeds of up to $1,072,000, of which 4,500,000 units were issued as flow-through units to the Mineral Fields Group. Each unit consisted of one common share in the capital of the Company and one-half of one share purchase warrant, each whole warrant entitling the holder to purchase one additional common share of the Company for the period of two years at a price of $0.35 in the first year and at a price of $0.45 in the second year.

In connection with this financing, the Company has paid an aggregate of $45,000 in cash and issued an aggregate of 315,000 compensation options valued at $42,326, as finder's fees (*Note 8g*). Each compensation option entitles the holder thereof to acquire one unit at a price of $0.20 per unit for a period of 24 months. Each unit is comprised of one common share and one-half of one warrant, with each whole warrant entitling the holder thereof to acquire an additional common share for a period of two years from the date of issue of the compensation options at a price of $0.35 during the first year of the exercise period and at a price of $0.45 during the second year of the exercise period.

8. Share Capital – *Continued*

a) Private Placements – *Continued*

On 15 March 2011, the Company closed the no-brokered private placement of 9,248,333 non flow-through units at $0.30 per unit, with each unit consisting of one fully paid and non-assessable common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional common share of the Company for one year at an exercise price of $0.35. A total of 644,286 flow-through units at $0.35 per unit were also placed. Each flow-through unit consists of one fully paid and non-assessable common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional non flow-through common share of the Company at $0.45 for a period of one year. The Company paid finder's fee of $24,775 in cash.

b) Other

During the previous year ended 30 April 2010, 50,000 shares at a deemed price of $0.09 per share were issued for the acquisition of the BC Rock & Roll project (*Note 5b*), 25,000 shares at a deemed price of $0.11 per share were issued for the acquisition of Destiny Gold project (*Note 5m*) and 50,000 shares at a price of $0.15 per share were issued for the acquisition of Saskatchewan Nickel Plats (*Note 5n)*.

During the year ended 30 April 2011, 50,000 shares at a deemed price of $0.11 per share were issued for the acquisition of the BC Rock & Roll project (*Note 5b*) and 50,000 shares at a deemed price of $0.11 per share were issued for the acquisition of Destiny Gold project (*Note 5m*).

During the year ended 30 April 2011, the Company purchased the remaining 50% interest in the unincorporated joint venture of the River Valley Platinum Group Metals project from Anglo Platinum Limited through its wholly-owned subsidiary, Kaymin Resources Ltd., issuing 8,117,161 non-assessable common shares of the Company and three-year warrants to purchase up to 3,000,000 common shares of the Company at a price of $0.30 per common share (*Notes 5c and 8g*).

c) Flow-Through Shares

Flow-through shares are shares issued by a company that incurs certain resource expenditures and then renounces them for Canadian tax purposes. This allows the expenditures to flow through to the subscriber for tax purposes. The subscribers may in turn claim the expenditure as a deduction on their personal or corporate tax returns.

The total amount of funds raised through the flow-through shares must be spent on qualified mineral exploration. The use of proceeds from flow-through shares is restricted to certain Canadian Exploration Expenditures under Canadian Income Tax Legislation.

d) Exercise of Warrants and Options

i) During the year, no warrants were exercised (2010 – Nil).

ii) During the year, 85,000 units options were exercised at $0.25 (2010 – Nil).

e) Performance Shares

A total of 2,697,990 performance shares are reserved for issue. At the discretion of the Board, these shares may be issued to such arm's length parties as the Board considers desirable to attract consultants to the Company.

8. Share Capital – *Continued*

e) Performance Shares – *Continued*

During a previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of $0.01 per share to attract a new officer to the Company. These shares were granted at the discretion of the Board as follows:

Shares	Grant Date	
50,000	15 January 2004	(issued)
50,000	30 June 2004	(issued)
50,000	31 October 2004	(issued)
50,000	28 February 2005	(issued)
50,000	1 July 2005	(issued)
50,000	1 December 2005	(issued)
300,000		

During a previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of $0.01 per share to attract a new officer to the Company. There shares were to be granted at the discretion of the Board as follows:

Shares	Grant Date	
25,000	24 May 2005	(issued)
25,000	24 November 2005	(issued)
50,000	28 August 2006	(issued)
50,000	28 February 2007	(cancelled December 2006)
75,000	28 August 2007	(cancelled December 2006)
75,000	28 February 2008	(cancelled December 2006)
300,000		

During a previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of $0.01 per share to attract a new Vice-President of Project Development to the Company. These shares were to be granted at the discretion of the Board as follows:

Shares	Grant Date	
25,000	16 October 2007	(issued)
25,000	16 January 2008	(issued)
25,000	16 April 2008	(issued)
25,000	16 July 2008	(issued)
25,000	16 October 2008	(issued)
25,000	16 January 2009	(issued)
25,000	16 April 2009	(cancelled March 2009)
25,000	16 July 2009	(cancelled March 2009)
25,000	16 October 2009	(cancelled March 2009)
25,000	16 January 2010	(cancelled March 2009)
25,000	16 April 2010	(cancelled March 2009)
25,000	16 July 2010	(cancelled March 2009)
300,000		

During the previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of $0.01 per share to attract a new Vice-President of Business Development to the Company. These shares were to be granted at the discretion of the Board as follows:

Shares	Grant Date	
50,000	12 May 2009	(issued *)
50,000	12 November 2009	(issued **)
50,000	12 May 2010	(cancelled December 2009)
50,000	12 November 2010	(cancelled December 2009)
50,000	12 May 2011	(cancelled December 2009)
50,000	12 November 2011	(cancelled December 2009)
300,000		

8. Share Capital – *Continued*

e) Performance Shares – *Continued*

* 50,000 performance shares were issued at $0.01 per share for total proceeds of $500. The fair market value of the performance shares at the date of the issuance was $6,000. The difference between the issue price and the fair market value ($5,500) was recorded in the accounts as stock-based compensation. The offsetting entry is to share capital.

** 50,000 performance shares were issued at $0.01 per share for total proceeds of $500. The fair market value of the performance shares at the date of the issuance was $6,500. The difference between the issue price and the fair market value ($6,000) was recorded in the accounts as stock-based compensation. The offsetting entry is to share capital.

During a previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of $0.01 per share to attract a new Vice-President of Exploration to the Company. These shares were to be granted at the discretion of the Board as follows:

Shares	Grant Date	
50,000	12 May 2009	(issued *)
50,000	12 November 2009	(issued **)
50,000	12 May 2010	(cancelled December 2009)
50,000	12 November 2010	(cancelled December 2009)
50,000	12 May 2011	(cancelled December 2009)
50,000	12 November 2011	(cancelled December 2009)
300,000		

* 50,000 performance shares were issued at $0.01 per share for total proceeds of $500. The fair market value of the performance shares at the date of the issuance was $6,000. The difference between the issue price and the fair market value ($5,500) was recorded in the accounts as stock-based compensation. The offsetting entry is to share capital.

** 50,000 performance shares were issued at $0.01 per share for total proceeds of $500. The fair market value of the performance shares at the date of the issuance was $6,500. The difference between the issue price and the fair market value ($6,000) was recorded in the accounts as stock-based compensation. The offsetting entry is to share capital.

During the previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of $0.01 per share to attract a new Vice-President of Engineering to the Company. These shares are to be granted at the discretion of the Board as follows:

Shares	Grant Date	
50,000	4 January 2010	(allotted as at 30 April 2010*, cancelled)
50,000	4 June 2010	(allotted as at 31 July 2010**, cancelled)
50,000	4 December 2010	(allotted as at 31 January 2011***, cancelled)
50,000	4 June 2011	(cancelled)
50,000	4 December 2011	(cancelled)
50,000	4 June 2012	(cancelled)
300,000		

* 50,000 performance shares were reserved for issuance at $0.01 per share during the year ended 30 April 2010. The fair market value of the performance shares at the date of allotment/accrual was $10,000 and was recorded in the accounts as stock-based compensation. The offsetting entry is to contributed surplus.

** 50,000 performance shares were reserved for issuance at $0.01 per share during the year ended 30 April 2011. The fair market value of the performance shares at the date of allotment/accrual was $5,500 and was recorded in the accounts as stock-based compensation. The offsetting entry is to contributed surplus.

*** 50,000 performance shares were reserved for issuance at $0.01 per share during the year ended 30 April 2011. The fair market value of the performance shares at the date of allotment/accrual was $6,500 and was recorded in the accounts as stock-based compensation. The offsetting entry is to contributed surplus.

8. Share Capital – *Continued*

e) Performance Shares – *Continued*

During the current year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of $0.01 per share to the Vice-President of Corporate Business Development of the Company. These shares are to be granted at the discretion of the Board as follows:

Shares	Grant Date	
150,000	1 February 2011	(allotted as at 30 April 2011*)
75,000	1 August 2011	
75,000	1 February 2012	
300,000		

* 150,000 performance shares were reserved for issuance at $0.01 per share during the year ended 30 April 2011. The fair market value of the performance shares at the date of allotment/accrual was $28,500 and was recorded in the accounts as stock-based compensation. The offsetting entry is to contributed surplus.

f) Share Purchase Options

A summary of the Company's options at 30 April 2011 and the changes for the period are as follows:

Number outstanding 30 April 2010	Granted	Exercised	Expired	Cancelled	Number outstanding 30 April 2011	Exercise price per share	Expiry date
718,000	-	-	-	15,000	703,000	$0.25	5 November 2014*
355,000	-	-	-	355,000	-	$0.60	3 May 2010
100,000	-	-	-	-	100,000	$0.40	3 February 2011
82,500	-	-	-	-	82,500	$0.40	19 April 2011
50,000	-	-	-	-	50,000	$0.50	8 May 2011
20,000	-	-	-	-	20,000	$0.50	19 May 2011
150,000	-	-	-	-	150,000	$0.25	14 February 2017*
680,000	-	35,000	-	50,000	595,000	$0.25	18 May 2017*
230,000	-	-	-	-	230,000	$0.25	11 October 2017*
130,000	-	-	-	-	130,000	$0.25	29 October 2017*
910,000	-	-	-	-	910,000	$0.60	22 February 2013
100,000	-	-	-	-	100,000	$0.50	11 June 2013
980,000	-	50,000	-	-	930,000	$0.25	22 April 2014
125,000	-	-	-	-	125,000	$0.25	15 July 2014
150,000	-	-	-	-	150,000	$0.25	4 June 2015
150,000	-	-	-	-	150,000	$0.40	4 June 2015
150,000	-	-	-	-	150,000	$0.25	5 January 2015
150,000	-	-	-	-	150,000	$0.50	5 January 2015
100,000	-	-	-	-	100,000	$0.25	5 January 2015
100,000	-	-	-	-	100,000	$0.50	5 January 2015
-	300,000	-	-	-	300,000	$0.25	1 February 2016
-	3,100,000	-	-	-	3,100,000	$0.30	24 February 2016
-	125,000	-	-	-	125,000	$0.30	15 March 2014
5,430,500	3,525,000	85,000	-	420,000	8,450,500		

* Amended and extended on 6 May 2009.

8. Share Capital – *Continued*

f) Share Purchase Options – *Continued*

During the year, the Company granted the following options and recognized the vested amount as follows:

Grant Date	Granted	Exercise Price	Fair Value	30 April 2011 Vested Amount
1 February 2011	300,000	$ 0.25	45,030	$ 22,515
24 February 2011	3,100,000	$ 0.30	609,754	-
15 March 2011	125,000	$ 0.30	18,948	-
	3,525,000		$ 673,732	$ 22,515

The total estimated fair value of the 3,525,000 options is $673,732, of which $22,515 has been recorded as stock-based compensation expenses for the year ended 30 April 2011. The offsetting entry is to contributed surplus.

During prior years, the Company granted the following options and recognized the vested amount as follows:

Grant Date	Granted	Exercise Price	Fair Value	30 April 2011 Vested Amount
15 July 2009	125,000	$ 0.25	$ 8,613	$ 4,719
4 January 2010	150,000	$ 0.25	22,242	15,531
4 January 2010	150,000	$ 0.40	20,531	-
5 January 2010	150,000	$ 0.25	22,224	15,531
5 January 2010	150,000	$ 0.50	19,628	-
5 January 2010	100,000	$ 0.25	14,816	10,354
5 January 2010	100,000	$ 0.50	13,085	-
	925,000		$ 121,139	$ 46,135

The total estimated fair value of the 925,000 options is $121,139, of which $46,135 has been recorded as stock-based compensation expenses for the year ended 30 April 2011. The offsetting entry is to contributed surplus.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2011	2010	2009
Expected dividend yield	0.00%	0.00%	0.00%
Expected stock price volatility	117.12%	113.98%	92.55%
Risk-free interest rate	2.57%	3.15%	2.36%
Expected life of options	4.9 years	5.0 years	5.0 years

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

8. Share Capital – *Continued*

f) Share Purchase Options – *Continued*

On 6 May 2009, the Company entered into an Amending Agreement with the holders of 1,923,000 existing options amending the exercise prices and extending the expiry dates:

Grant Date	Balance as at 6 May 2009	Original Exercise Price	Amended Exercise Price	Original Expiry Date	Amended Expiry Date
5 November 2004	743,000	$ 0.72	$ 0.25	5 November 2009	5 November 2014
14 February 2007	150,000	$ 0.47	$ 0.25	14 February 2012	14 February 2017
18 May 2007	620,000	$ 0.55	$ 0.25	18 May 2012	18 May 2017
11 October 2007	280,000	$ 0.50	$ 0.25	11 October 2012	11 October 2017
29 October 2007	130,000	$ 0.50	$ 0.25	29 October 2012	29 October 2017
	1,923,000				

The stock-based compensation expense related to this re-pricing of 1,923,000 stock options was $118,811.

The following assumptions were used for the Black-Scholes valuation of stock options granted and re-priced during the period:

	2011	2010	2009
Expected dividend yield	-	0.00%	-
Expected stock price volatility	-	100.30%	-
Risk-free interest rate	-	2.24%	-
Expected life of options	-	7.13 years	-

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

g) Share Purchase Warrants

As at 30 April 2011, the following share purchase warrants were outstanding:

Warrants	Exercise Price	Expiry Date
2,680,000	$0.45	30 December 2011
315,000	$0.20	30 December 2011
4,624,166	$0.35	15 March 2012
322,143	$0.45	15 March 2012
3,000,000	$0.30	13 December 2013
10,941,309		

During the year ended 30 April 2011, 4,946,309 common share purchase warrants having a fair value of $331,618 were issued relating to private placements.

During the year ended 30 April 2011, 3,000,000 common share purchase warrants having a fair value of $675,570 were issued relating to the purchase of the remaining 50% interest in the unincorporated joint venture of the River Valley Platinum Group Metals project from Anglo Platinum Limited through its wholly-owned subsidiary, Kaymin Resources Ltd. (*Notes 5c and 8b*).

During the year ended 30 April 2010, 2,995,000 common share purchase warrants having a fair value of $409,729 were issued relating to private placements.

8. Share Capital – *Continued*

g) Share Purchase Warrants – *Continued*

The relative pro rata allocation of the fair value of the stock purchase warrants included in unit offerings is estimated on the date of issuance of the unit using the Black-Scholes warrant-pricing model with the following weighted average assumptions:

	2011	2010	2009
Average risk-free interest rate	1.83%	1.42%	-
Expected dividend yield	-	-	-
Expected stock price volatility	119.40%	136.95%	-
Average expected warrant life	1.8 years	2 years	-

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

9. Income Taxes

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

	2011	2010
Net loss for the year	$ 4,153,650	$ 3,817,164
Canadian federal and provincial income tax rates	27.83%	29.50%
Expected income tax (recovery)	$ 1,156,099	$ 1,126,063
Permanent differences	(47,258)	(469,093)
Change in prior year provision to actual	(11,206)	(280,514)
Change in enacted tax rates	(112,876)	(320,028)
Change in valuation allowance	(984,759)	209,072
Total income tax recovery	$ -	$ 265,500
Represented by:		
Current income tax	$ -	$ -
Future income tax recovery	$ -	$ 265,500

b) The significant components of the Company's future income tax assets and liabilities are as follows:

	2011	2010
Future income tax assets (liabilities)		
Non-capital loss carry forwards	$ 2,028,665	$ 1,672,014
Share issue costs	34,402	52,003
Property, plant and equipment	67,955	59,634
Mineral properties	286,452	(350,936)
	2,417,474	1,432,715
Valuation allowance	(2,417,474)	(1,432,715)
Net future income tax assets	$ -	$ -

9. Income Taxes – *Continued*

The Company has non-capital losses for Canadian tax purposes of approximately $8,114,661 available to offset against taxable income in future years, which, if unutilized, will expire as follows:

2014	$	701,754
2015		684,375
2026		851,782
2027		1,271,389
2028		1,336,195
2029		1,530,437
2030		267,302
2031		1,471,427
Total	$	8,114,661

Subject to certain restrictions, the Company also has resource exploration expenditures of approximately $7,507,855 available to reduce taxable income of future years.

c) **Future Income Tax Recovery**

During the year, flow-through shares totalling $225,500 (2010 - $900,000, 2009 - $Nil) were issued, which funds are required to be spent on certain Qualifying Canadian Exploration Expenditures. Because the Company no longer has the ability to use the expenditures for tax purposes, the Company is required to record a future tax liability which is equal to the renunciation, times the corporation tax rate when expenditures are renounced. This amounted to $Nil (2010 - $265,500, 2009 - $920,000). However, because the Company has unused tax losses and resource pools in excess of the renunciation, the future tax liability becomes a future income tax recovery.

10. Commitments

a) By agreement effective 1 December 2005, the Company entered into a five-year management agreement with a company controlled by a director and Chairman. Compensation is $7,350 per month for the first year, with a 5% increase on each anniversary date plus benefits. The Chairman and director is also entitled to receive up to 20% of all stock options granted during the period that the agreement is in place. This agreement is automatically renewable for two-year periods. The Company may terminate the agreement at any time but will be responsible to pay the greater of the remaining amount under the contract or two years' compensation.

By amended agreement effective 1 December 2008, the Company amended the 1 December 2005 agreement. The compensation under the original agreement was amended from $7,350 per month to $14,104 per month. The 5% increase under the original agreement was waived until 1 December 2009. All terms of the original agreement remained the same.

By amended agreement effective 1 April 2011, the Company amended the 1 December 2005 agreement as amended on 1 December 2008. The compensation under the amended agreement was further amended from $15,550 per month to $20,833 per month. The term of the amended agreement is for five years terminating on 31 March 2016. All terms of the original agreement remained the same.

Year ended 30 April	2012	2013	2014	2015	2016	Total
Management agreement	$ 251,042	$ 263,594	$ 276,773	$ 290,612	$ 305,143	$ 1,387,164

10. Commitments *– Continued*

b) The Company has outstanding and future commitments under mineral property option agreements to pay cash and issue common shares of the Company *(Note 5).*

c) By agreement dated 1 December 2006, the Company entered into a five-year lease for office premises with the following lease payments to the expiration of the lease on 30 November 2011:

Year ended 30 April	2012	2013	2014	2015	2016	Total
Office lease *	$ 119,303	$ -	$ -	$ -	$ -	$ 119,303

* In November 2008, the Company entered into an agreement with the former co-signor of the lease whereby the Company assumed their remaining lease obligation and received a lump sum amount of $126,845 which will be then applied to the end of the term.

11. Capital Disclosure

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus, accumulated other comprehensive loss and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

There were no changes in the Company's approach to capital management during the year ended 30 April 2011 compared to the year ended 30 April 2010. The Company is not subject to externally imposed capital requirements.

12. Subsequent Event

The following event occurred during the period from the year ended 30 April 2011 to the date the consolidated financial statements were available to be issued on 14 July 2011:

On 13 July 2011, the Company completed the first tranche of a non-brokered private placement of 2,583,333 non flow-through units at $0.30 per unit, with each unit consisting of one fully paid and non-assessable common share in the capital of the Company and one-half of one share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional common share of the Company for 18 months at an exercise of $0.40. A total of 4,332,141 flow-through units at $0.35 per unit were also placed in the first tranche closing. Each flow-through unit consists of one fully paid and non-assessable common share in the capital of the Company and one-half of one share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional non flow-through common share of the Company at $0.45 per share for a period of 18 months.

13. Segmented Information

Details on a geographic basis as at 30 April 2011 are as follows:

	USA	Canada	Africa	Total
Assets	$ -	$ 15,388,948	$ 186,693	$ 15,575,641
Mineral property costs	$ -	$ 6,175,355	$ 186,693	$ 6,362,048
Loss for the year	$ (817,098)	$ (3,336,552)	$ -	$ (4,153,650)

Details on a geographic basis as at 30 April 2010 are as follows:

	USA	Canada	Africa	Total
Assets	$ 753,990	$ 10,599,064	$ -	$ 11,353,054
Mineral property costs	$ 753,990	$ 3,145,604	$ -	$ 3,899,594
Loss for the year	$ -	$ (771,019)	$ -	$ (771,019)

Details on a geographic basis as at 30 April 2009 are as follows:

	USA	Canada	Africa	Total
Assets	$ 5,755,418	$ 9,339,918	$ -	$ 15,095,336
Mineral property costs	$ 953,624	$ 3,380,355	$ -	$ 4,333,979
Loss for the year	$ (611)	$ (5,353,855)	$ -	$ (5,354,466)

14. Discontinued Operation

On 29 June 2009, the Company entered into an option agreement with FAU to sell all of the outstanding common shares of its wholly-owned subsidiary MCR which owns the Nixon Fork Gold Mine Project in Alaska. FAU paid US$50,000 on signing of the option agreement. Subsequently, FAU exercised the option by making further payments totalling US$450,000, and issuing a total of US$2.5 million in FAU shares at a deemed price of $0.45 per share for a total of 6,415,000 shares. FAU also issued 1,000,000 share purchase warrants entitling the Company to purchase 1,000,000 shares at an exercise price of $0.50 until 2 October 2011 (*Note 4*). FAU also refunded all expenses incurred by the Company from 1 May 2009 until the finalisation of this transaction on 22 September 2009 (*Note 5r*).

The assets, liabilities and results of operations of MCR have been separately reported as discontinued operations in the consolidated balance sheets and statements of operations. Previously reported consolidated financial statements for the year ended 30 April 2009 have been revised to reflect this presentation.

Income (loss) from discontinued operation is summarized as follows:

	2011	2010
Operating costs and expenses		
Foreign exchange gain	$ -	$ (183,080)
Bank charges	-	317
Legal	-	5,544
Income (loss) for the year from discontinued operation	-	177,219
Gain on disposition of discontinued operation	-	2,603,426
Income (loss) from discontinued operation	$ -	$ 2,780,645

Included in the discontinued operation are tax loss carryforwards of approximately $Nil (2010 - $814,246, 2009 - $83,293) for which the Company has provided a full valuation allowance.

15. Differences Between Canadian and United States Generally Accepted Accounting Principles ("GAAP")

Canadian GAAP vary in certain significant respects from the principles and practices generally accepted in the United States ("US GAAP"). The effect of the principal measurement differences on the Company's consolidated financial statements is quantified below and described in the accompanying notes:

a) Securities and Exchange Commission ("SEC") staff has interpreted US GAAP to require that mineral property exploration and land use costs must be expensed as incurred, until commercially mineable deposits are determined to exist within a particular property. Accordingly, for US GAAP purposes, for all periods presented, the Company has expensed all land use costs for mineral properties and deferred exploration costs, which have been incurred by the Company, for which commercially mineable revenues do not exist. Under Canadian GAAP, such costs have been deferred. For Canadian GAAP, cash flows relating to mineral property exploration and land use costs are reported as investing activities. For US GAAP, these costs would be characterized as operating activities.

b) US GAAP requires that the fair market value of contributed executive services be recorded as an expense, even when they are not paid. For the year ended 30 April 1998, the fair market value of contributed executive services of $98,000 was expensed for US GAAP purposes.

c) Under Canadian GAAP a premium to market on the issuance of flow-through shares would be recorded in share capital. For US GAAP purposes, the proceeds should be allocated between the offering of the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors. For the years ended 30 April 2011, premium on the issuance of flow-through shares was $77,314 (2010 - $Nil, 2009 - $Nil). For the year ended 30 April 1998, the Company recorded a flow-through discount of $127,890.

d) **Restricted cash**

Under US GAAP, funds raised from the issuance of flow-through shares, which have not yet been disbursed on qualifying exploration expenditures, would be disclosed as restricted cash and excluded from current assets. Accordingly, cash and cash equivalents under US GAAP would be reduced by $Nil at 30 April 2011, $567,771 at 30 April 2010 and $1,125,083 at 30 April 2009.

e) The impact of the above differences between Canadian and United States GAAP on the reported assets of the Company is as follows:

	Years Ended 30 April		
	2011	2010	2009
Total assets as reported - Canadian GAAP	$ **15,575,641**	$ 11,353,054	$ 15,095,336
Write-off of mineral exploration costs	**(2,963,105)**	(3,669,390)	(4,134,229)
Total assets as reported - United States GAAP	$ **12,612,536**	$ 7,683,664	$ 10,961,107

f) The impact of the above differences between Canadian and United States GAAP on loss for the period is as follows:

	Years Ended 30 April		
	2011	2010	2009
Loss for the year as reported	$ **(4,153,650)**	$ (771,019)	$ (5,354,466)
Recovery (write-off) of mineral exploration costs *(Note 15a)*	**706,285**	464,839	2,139,414
Future tax recovery *(Note 15c)*	-	(265,500)	(320,000)
Loss for the year in accordance with US GAAP	$ **(3,447,365)**	$ (571,680)	$ (3,535,052)
Other comprehensive income (loss)	$ **1,847,946**	$ 361,510	$ (743,866)
Comprehensive loss for the year under US GAAP	$ **(1,599,419)**	$ (210,170)	$ (4,278,918)
Loss per share for the year in accordance with US GAAP	$ **(0.05)**	$ (0.01)	$ (0.05)
Comprehensive loss per share in accordance with US GAAP	$ **(0.02)**	$ (0.01)	$ (0.07)

15. Differences Between Canadian and US GAAP – *Continued*

g) The impact of the above differences between Canadian and US GAAP on the deficit, as reported, is as follows:

	Years Ended 30 April		
	2011	2010	2009
Deficit as reported	**$ (22,160,237)**	$ (18,006,587)	$ (17,235,568)
Flow-through discount *(Note 15c)*	**127,890**	127,890	127,890
Write-off of mineral exploration costs *(Note 15a)*	**(2,963,105)**	(3,669,390)	(4,134,229)
Future tax recovery *(Note 15c)*	**(1,678,655)**	(1,678,655)	(1,413,155)
Deficit in accordance with US GAAP	**$ (26,674,107)**	$ (23,226,742)	$ (22,655,062)

h) The impact of the above differences between Canadian and US GAAP on the statement of changes in shareholders' equity, as reported, is as follows:

	Common Shares Number	Common Shares Amount	Accumulated Deficit	Contributed Surplus	Accumulated Comprehensive Income	Total
Shareholders' equity balance as reported at 30 April 2009	61,858,008	$ 24,779,281	$ (17,235,568)	$ 3,790,226	$ (755,012)	$ 10,578,927
Flow-through discount *(Note 15c)*	-	-	127,890	-	-	127,890
Fair market value of contributed executive services *(Note 15b)*	-	-	-	(98,000)	-	(98,000)
Write-off of mineral exploration costs *(Note 15a)*	-	-	(4,134,229)	-	-	(4,134,229)
Future tax recovery *(Note 15c)*	-	1,413,155	(1,413,155)	-	-	-
Shareholders' equity in accordance with US GAAP at 30 April 2009	61,658,008	$ 26,192,436	$ (22,655,062)	$ 3,692,226	$ (755,012)	$ 6,474,588
Shareholders' equity balance as reported at 30 April 2010	67,543,008	$ 25,170,802	$ (18,006,587)	$ 4,485,390	$ (393,502)	$ 11,256,103
Flow-through discount *(Note 15c)*	-	-	127,890	-	-	127,890
Fair market value of contributed executive services *(Note 15b)*	-	-	-	(98,000)	-	(98,000)
Write-off of mineral exploration costs *(Note 15a)*	-	-	(3,669,390)	-	-	(3,669,390)
Future tax recovery *(Note 15c)*	-	1,678,655	(1,678,655)	-	-	-
Shareholders' equity in accordance with US GAAP at 30 April 2010	67,543,008	$ 26,849,457	$ (23,226,742)	$ 4,387,390	$ (393,502)	$ 7,616,603

15. Differences Between Canadian and US GAAP – *Continued*

	Common Shares										
	Number		Amount		Accumulated Deficit		Contributed Surplus		Accumulated Comprehensive Income		Total
Shareholders' equity balance as reported at 30 April 2011	85,737,788	$	30,276,368	$	(22,160,237)	$	5,601,728	$	1,454,444	$	15,172,303
Flow-through discount *(Note 15c)*	-		-		127,890		-		-		127,890
Fair market value of contributed executive services *(Note 15b)*	-		-		-		(98,000)		-		(98,000)
Write-off of mineral exploration costs *(Note 15a)*	-		-		(2,963,105)		-		-		(2,963,105)
Future tax recovery *(Note 15c)*	-		1,678,655		(1,678,655)		-		-		-
Premium on flow-through shares *(Note 15c)*	-		(77,314)		-		-		-		(77,314)
Shareholders' equity in accordance with US GAAP at 30 April 2011	85,737,788	$	31,877,709	$	(26,674,107)	$	5,503,728	$	1,454,444	$	12,161,774

i) The impact of the above differences between Canadian and United States GAAP on the statement of cash flows, as reported, is as follows:

	Years Ended 30 April					
		2011		2010		2009
Cash used in operating activities under Canadian GAAP	**$**	**(1,380,884)**	$	(2,323,610)	$	(1,573,837)
Mineral property exploration and development expenditures *(Note 15a)*		**(1,647,208)**		(1,421,322)		(1,667,289)
Cash used in operating activities under US GAAP	**$**	**(3,028,092)**	$	(3,744,932)	$	(3,241,126)
Cash used in investing activities under Canadian GAAP	**$**	**(2,205,637)**	$	254,871	$	(1,921,108)
Mineral property exploration and development expenditures *(Note 15a)*		**1,647,208**		1,421,322		1,667,289
Flow-through funds not disbursed during the year *(Note 15d)*		**-**		(567,771)		(1,125,083)
Flow-through funds realized from previous year *(Note 15d)*		**567,771**		1,125,083		2,057,860
Cash used in investing activities under US GAAP	**$**	**9,342**	$	2,233,505	$	678,958
Cash generated by financing activities under Canadian and US GAAP	**$**	**2,991,036**	$	1,029,000	$	(4,234)
Cash and cash equivalents end of year under Canadian GAAP	**$**	**3,880,196**	$	4,475,681	$	5,515,420
Restricted cash – Flow-through shares *(Note 15d)*		**-**		(567,771)		(1,125,083)
Cash and cash equivalents end of year under US GAAP	**$**	**3,880,196**	$	3,907,910	$	4,390,337

15. Differences Between Canadian and US GAAP – *Continued*

j) New Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2010-28, "Intangibles, Goodwill and Other". The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after 15 December 2010. The Company does not expect the provisions of ASU 2010-28 to have a material effect on the Company's financial position, results of operations or cash flows.

In December 2010, the FASB issued ASU 2010-29, "Business Combinations". The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after 15 December 2010. The Company does not expect the provisions of ASU 2010-29 to have a material effect on the Company's financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU 2011-05, "Presentation of Comprehensive Income". This update presents an entity with the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This update eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. As ASU 2011-05 relates only to the presentation of Comprehensive Income, the Company does not expect that the adoption of this update will have a material effect on its financial statements.