GGL RESOURCES CORP.

Consolidated Financial Statements

November 30, 2011 and 2010

Index

D+H Group LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
GGL Resources Corp.

We have audited the accompanying consolidated financial statements of GGL Resources Corp., which comprise the consolidated balance sheets as at November 30, 2011 and 2010, the consolidated statements of operations, comprehensive loss and deficit and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal 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. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 GGL Resources Corp. as at November 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has experienced recurring operating losses, an accumulated deficit of $ 28,553,095 and a working capital deficiency of $ 425,481 at November 30, 2011.

These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

"D&H Group LLP"

Vancouver, B.C.
March 26, 2012

Chartered Accountants

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GGL RESOURCES CORP.

Consolidated Balance Sheets
November 30, 2011 and 2010

		2011		2010
ASSETS				
Current				
Cash	$	179,801	$	184,680
Amounts receivable		189,949		90,899
Prepaid expenses		2,598		3,316
		372,348		278,895
Unproven mineral interests (Note 4)		11,572,457		15,903,671
Property and equipment (Note 5)		160,905		198,508
	$	12,105,710	$	16,381,074
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)	$	797,829	$	500,036
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		35,727,357		35,668,860
Contributed surplus (Note 8)		4,133,619		4,133,619
Deficit		(28,553,095)		(23,921,441)
		11,307,881		15,881,038
	$	12,105,710	$	16,381,074

On behalf of the Board:

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 15)

"Raymond A. Hrkac"
Raymond A. Hrkac

"Nick DeMare"
Nick DeMare

The accompanying notes are an integral part of these consolidated financial statements.

GGL RESOURCES CORP.

Consolidated Statements of Operations, Comprehensive Loss and Deficit
Years Ended November 30, 2011 and 2010

	2011	2010
Expenses		
Amortization of property and equipment	$ 984	$ 1,230
Consulting fees	56,445	100,319
Corporate relations	775	1,860
Exploration costs – general	117,616	84,997
Legal and audit	34,578	29,612
Licences, taxes, insurance and fees	29,854	29,261
Office services and expenses	90,414	93,753
Shareholders' meetings and reports	22,560	16,787
Stock-based compensation	-	38,980
Travel	435	1,610
Operating loss	(353,661)	(398,409)
Other income (expenses)		
Interest income	1,708	760
Foreign exchange loss	(2)	(59)
Gain on sale of property and equipment	-	1,479
Impairment of unproven mineral interests (Note 4(c))	(1,963,770)	-
Interest expense	(659)	(1,237)
Operator's fee	80,858	79,219
Recoveries from government grant and insurance claim (Note 5)	1,131	56,751
Sale of data set and technical support (Note 4(f))	48,834	44,700
Write-off of property and equipment (Note 5)	(343)	(4,213)
Write-off of unproven mineral interests (Note 4)	(2,456,775)	(924,632)
	(4,289,018)	(747,232)
Loss for the year before income taxes	(4,642,679)	(1,145,641)
Future income tax recovery	11,025	-
Net loss and comprehensive loss for the year	(4,631,654)	(1,145,641)
Deficit, beginning of year	(23,921,441)	(22,775,800)
Deficit, end of year	$ (28,553,095)	$ (23,921,441)
Loss per share - basic and diluted	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	153,739,309	151,040,131

The accompanying notes are an integral part of these consolidated financial statements.

GGL RESOURCES CORP.

Consolidated Statements of Cash Flows
Years Ended November 30, 2011 and 2010

	2011	2010
Cash flows from (used in) operating activities		
Net loss for the year	$ (4,631,654)	$ (1,145,641)
Adjustment for items not involving cash:		
- amortization of property and equipment	984	1,230
- amortization of exploration property and equipment	39,242	48,397
- future income tax recovery	(11,025)	-
- gain on sale of property and equipment	-	(1,479)
- impairment of unproven mineral interests	1,963,770	-
- stock-based compensation	-	38,980
- write-off of property and equipment	343	4,213
- write-off of unproven mineral interests	2,456,775	924,632
	(181,565)	(129,668)
Changes in non-cash working capital items:		
- amounts receivable	(99,050)	(65,847)
- prepaid expenses	718	(99)
- accounts payable and accrued liabilities	(43,209)	119,957
- deferred revenues	-	(44,700)
	(323,106)	(120,357)
Cash flows from (used in) financing activities		
Shares issued for cash, net of share issuance costs	31,764	146,046
Shares issued for cash – flow-through shares, net of share issuance costs	41,557	-
Other share issue costs	(3,799)	-
	69,522	146,046
Cash flows from (used in) investing activities		
Recoveries from deferred exploration costs	251,671	48,780
Proceeds from sale of property and equipment	-	4,000
Purchase of property and equipment	(2,966)	(56,751)
	248,705	(3,971)
(Decrease) increase in cash during the year	(4,879)	21,718
Cash, beginning of year	184,680	162,962
Cash, end of year	$ 179,801	$ 184,680

See also Note 13.

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature and Continuance of Operations

GGL Resources Corp. ("the Company") was incorporated on May 25, 1981 under the provisions of the Company Act (British Columbia). The Company is listed on the TSX Venture Exchange tier 2 under the symbol "GGL". The Company's head office is located at #906, 675 West Hastings Street, Vancouver, BC V6B 1N2 Canada.

The Company is in the exploration stage and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of such reserves, the ability of the Company to obtain the necessary financing to develop the reserves and upon future profitable production.

As at November 30, 2011, the Company has a negative working capital of $425,481 (2010-$221,141) and a deficit of $28,553,095 (2010-$23,921,441). The Company intends to continue its exploration programs. In light of negative cash flows from operating activities, recurring operating losses and a negative working capital, the Company's ability to continue its exploration programs is dependent on its ability to secure additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management is actively pursuing such additional sources of financing.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its 86.8%-owned subsidiary Rio Sonora Resources Ltd. ("Rio Sonora") and its wholly-owned U.S. subsidiary, Gerle Gold (U.S.) Inc. ("Gerle Gold"). Both Rio Sonora and Gerle Gold are presently inactive. All inter-company transactions and balances have been eliminated.

(b) Unproven Mineral Interests

The cost of unproven mineral interests and the related exploration costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized over the estimated useful lives of the properties following the commencement of production or written off if the properties are sold or abandoned. Management reviews the carrying values of unproven mineral interests with a view to assessing whether there has been any impairment of value. When it is determined that an unproven mineral interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest.

2. Significant Accounting Policies, continued

(b) Unproven Mineral Interests, continued

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

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

(c) Property Option Agreements

From time to time, the Company may acquire or dispose of unproven mineral interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are accounted for as payments are made or received. Amounts received under option agreements reduce the carrying amount of the unproven mineral interest under option.

(d) Property and Equipment

Property and equipment are carried at cost. Amortization of the property and equipment is provided over the estimated useful lives of the assets on a declining-balance basis, unless otherwise noted, at the following annual rates:

Exploration equipment	20%
Office furniture and fixtures	20%

(e) Flow-Through Shares

The resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The estimated income tax benefits transferred to shareholders are recorded as a future income tax liability and a reduction to share capital at the time of renunciation.

(f) Equity Transactions

The Company issues units in private placements. The Company applies the residual approach to calculate the fair value of the units, which comprise of common shares and warrants. Under this approach the common shares are valued first and the difference between the gross proceeds and the fair value of the common shares is assigned to the warrants.

2. Significant Accounting Policies, continued

(g) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts, if applicable, are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

(h) Foreign Currency Transactions

The Company uses the temporal method for translating its foreign currency transactions to Canadian dollars. Under this method, monetary assets and liabilities have been converted at the exchange rate prevailing at the balance sheet dates. Income and expenses are translated at the rates prevailing at dates of the related transactions. Non-monetary assets, liabilities and equity are translated at historical rates. Gains and losses on foreign exchange are included in earnings for the year.

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the amount of expenses reported during the reporting period. Examples of significant estimates include amortization of property and equipment and exploration property and equipment, the provision for future income tax recoveries and composition of future income tax assets and liabilities, valuation of unproven mineral interests and asset retirement obligations. Actual results could differ from those reported.

(j) Income Taxes

Income taxes are recorded on a tax allocation basis. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are recognized using substantively enacted income tax rates. The effect of changes in effective income tax rates is recognized in income in the period in which the change is substantively enacted. Future income tax assets are recognized with respect to deductible temporary differences and loss carryforwards only to the extent their realization is considered more likely than not.

2. Significant Accounting Policies, continued

(k) Stock-Based Compensation

The fair value of stock options and share purchase warrants issued as compensation is determined by the widely used Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and the expected life of the options. The estimated fair value of awards of stock-based compensation is charged to expense as awards vest, with offsetting amounts recognized as contributed surplus. The fair value of direct awards of common shares is determined by the quoted market price of the Company's stock.

(l) Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect revision to either timing or the amount of the original estimate of the undiscounted cash flow. As at November 30, 2011 and 2010, the Company does not have any asset retirement obligations.

(m) Long-lived Assets Impairment

Long-lived assets are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is determined to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

(n) Financial instruments - Disclosures Section 3862

In June 2009, the Canadian Institute of Chartered Accountants ("CICA") amended Section 3862 to include additional disclosure requirements about fair value measurements of financial instruments and enhanced liquidity risk disclosure requirements for publicly accountable enterprises and other entities that choose to apply this section.

The CICA establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - inputs that are not based on observable market data.

3. Future Changes in Accounting Policies

Business combinations, consolidated financial statements and non-controlling interests - Sections 1582, 1601 and 1602

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, Business Combinations, and establishes standards for the accounting for a business combination. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards of accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

4. Unproven Mineral Interests

	Balance November 30, 2010	2011 Mineral Interests Additions	2011 Exploration Cost Additions (Recoveries)	2011 Written Off/ Impairments	Balance November 30, 2011
Doyle Lake	$ 1,236,584	$ -	$ (4,713)*	$ (245,148)	$ 986,723
Fishback Lake	813,532	-	33,786*	(117,141)	730,177
CH	6,428,431	-	42,716*	(3,223,799)**	3,247,348
Providence Greenstone Belt	4,570,971	-	21,847*	(834,457)	3,758,361
McConnell Creek	2,854,153	-	(4,305)*	-	2,849,848
	$ 15,903,671	**$ -**	**$ 89,331**	**$(4,420,545)**	**$ 11,572,457**

* See Notes 4 (a) to (e)
** See Note 4(c)

	Balance November 30, 2010	2011 Additions	2011 Written Off/ Impairments	Balance November 30, 2011
Unproven mineral interests	$ 481,199	$ -	$ (73,065)	$ 408,134
Deferred exploration costs	15,422,472	89,331	(4,347,480)	11,164,323
	$ 15,903,671	**$ 89,331**	**$(4,420,545)**	**$ 11,572,457**

4. Unproven Mineral Interests, continued

	Balance November 30, 2009	2010 Mineral Interests Additions	2010 Exploration Cost Additions (Recoveries)	2010 Written Off	Balance November 30, 2010
Doyle Lake	$ 1,298,973	$ -	$ 21,459	$ (83,848)	$ 1,236,584
Fishback Lake	829,945	-	2,431	(18,844)	813,532
CH	7,078,117	-	(17,501)	(632,185)	6,428,431
Providence Greenstone Belt	4,793,338	-	(32,612)	(189,755)	4,570,971
McConnell Creek	2,842,625	-	11,528	-	2,854,153
	$ 16,842,998	**$ -**	**$ (14,695)**	**$ (924,632)**	**$ 15,903,671**

	Balance November 30, 2009	2010 Additions (Recoveries)	2010 Written Off	Balance November 30, 2010
Unproven Mineral Interests	$ 541,132	$ -	$ (59,933)	$ 481,199
Deferred exploration costs	16,301,866	(14,695)	(864,699)	15,422,472
	$ 16,842,998	**$ (14,695)**	**$ (924,632)**	**$ 15,903,671**

Exploration costs (recoveries) incurred during the year are as follows:

	2011	2010
Chartered aircraft	$15,199	$ 1,111
Licences, recording fees, lease payments	56,507	(12,529)
Project supplies	(72,148)	(99,140)
Salaries and wages	1,273	215
Sampling	-	636
Surveys	27,794	-
Technical and professional services	77,206	99,493
Transportation	(16,500)	(4,481)
	$ 89,331	$ (14,695)

4. Unproven Mineral Interests, continued

(a) Doyle Lake, Northwest Territories, Canada

Under the De Beers Agreement ("the Agreement") dated May 25, 1995, De Beers Canada Inc. ("De Beers") has earned a 60% interest in the Doyle Lake Properties ("the Properties"), which consist of 5 claims and 3 fractional claims (12,972 acres) (2010 – 5 claims and 3 fractional claims, 12,972 acres), by completing exploration expenditures of $4.65 million.

Under the Agreement, De Beers will recover all of the Company's costs of prospecting, exploration, development and construction incurred preproduction, financed by De Beers or by way of third party borrowings, out of 90% of the annual available cash flow (i.e. cash flow after provision for ongoing operating and non-operating costs) from any mine constructed on the Properties with interest at LIBOR plus 3% or the actual interest rates agreed to be paid, whichever is applicable. The remaining 10% of such available cash flow will be distributed to the members in the Agreement in proportion to their interests in the Properties. If after the completion of a feasibility study and prior to the commencement of commercial production from the first mine, the members in the Agreement cease to carry on development work on the Properties other than by reason of force majeure for a period of more than two years, interest other than interest on third party borrowings, will not be accrued for the period exceeding two years. When development work resumes, the Company will continue to accrue the interest.

In addition, the Company holds 12 claims (12,557 acres) (2010 - 15 claims; 16,131 acres) in the Doyle Lake area that are not subject to the Agreement. 11 of these claims are leases. In 2011 3 claims (3,574 acres) were allowed to lapse and the related costs of $245,148 were written off.

Recorded expenditures for 2011 include the sale of some fuel from inventory of $20,775. This amount was recorded as exploration cost recoveries on unproven mineral interests on the balance sheet.

(b) Fishback Lake, Northwest Territories, Canada

The Company owns 5 claims (10,718 acres) (2010 – 6 claims; 12,526 acres). One of these claims is a mining lease. During 2011 one claim was taken to lease and one claim (1,808 acres) was allowed to lapse and the related costs of $117,141 were written off.

Recorded expenditures for 2011 include a refund of $1,081 from an extension deposit previously filed with the Mining Recorder for assessment work.

(c) CH, Northwest Territories, Canada

The Company owns 82 claims (176,883 acres) (2010 - 103 claims; 227,076 acres), north-northeast of Yellowknife, acquired by staking during the years 2000 to 2003. These claims include the Courageous, Mackay, Seahorse, Starfish, Winterlake North, GDC, Winterlake South, BP, Zip, G and Mill claims. In 2011 21 claims (50,056 acres) were allowed to lapse and the related costs of $1,260,029 were written off.

4. Unproven Mineral Interests, continued

(c) CH, Northwest Territories, Canada, continued

30 of the claims (70,775 acres) are subject to a February 11, 2009 exploration and option agreement with Rio Tinto Exploration Canada Inc. ("RIO"). RIO must make payments totalling $1,000,000 and incur cumulative expenditures of $10,000,000 in order to earn a 100% interest, subject to a gross overriding royalty of 1.5% of the appraised value of all gem and industrial diamonds recovered, sorted and graded from the property and a 1.5% net smelter returns royalty on the net value of all ores, minerals, metals and materials except diamonds, mined and removed from the property and sold or deemed to have been sold. To November 30, 2011 RIO has spent over $2.8 million. Subsequent to November 30, 2011, RIO returned 25 of the CH claims back to the Company. All other terms of the agreement remain the same. Due to the return of the claims, the Company recorded an impairment provision of $1,963,770 on unproven mineral interests at year end.

Recorded expenditures for 2011 include a refund of $3,365 from an extension deposit previously filed with the Mining Recorder for assessment work.

(d) Providence Greenstone Belt ("PGB"), Northwest Territories, Canada

The Company owns 84 claims (185,774 acres) (2010 - 106 claims; 234,172 acres) in the Providence Greenstone Belt area of the Northwest Territories. These claims lie within an extensive belt of rocks previously identified by a mapping project funded by the Geological Survey of Canada and reported as having the potential for hosting magmatic nickel mineralization. During 2011, 22 claims (48,398 acres) were allowed to lapse and the related costs of $834,457 were written off.

On August 4, 2011 the Company signed an agreement with Emerick Resources Corp. ("Emerick") whereby Emerick has the option to acquire a 75% interest in the PGB group of claims. To complete its option Emerick must: (a) invest $1 million in the Company by way of a private placement of 20 million units at $0.05 per unit and (b) incur expenditures of $10 million on the PGB claims over five years, of these expenditures not less than $600,000 will be a commitment to carry out an agreed program in 2011 and 2012 designed to advance as many targets as possible to a drilling stage and to cover the costs of legal surveys required to bring certain claims to lease in 2011 and 2012. Subsequent to year end, Emerick terminated the agreement before investing $1 million and incurring the required expenditures. See Note 15 (a).

Recorded expenditures for 2011 include the sale of some fuel from inventory and field supplies and camp rental fees totalling $93,489. This amount was recorded as exploration cost recoveries on unproven mineral interests on the balance sheet.

(e) McConnell Creek, British Columbia, Canada

The Company owns 2 mineral tenures (4,878 hectares) (2010 – 2 mineral tenures; 4,878 hectares) in the Omineca Mining Division of British Columbia. During 2011 the Company received $9,694 in BC Mineral Exploration Tax Credits for some of its 2010 exploration work in BC. This amount was recorded as exploration cost recoveries on unproven mineral interests on the balance sheet.

4. Unproven Mineral Interests, continued

(f) Sale of Data

In 2011, the Company sold a Dessert Lake (Northwest Territories, Canada) aeromagnetic survey including data sets for $48,834 which is recognized as other income in the statement of operations.

In 2009, the Company signed a non-exclusive license agreement for the use of its Slave Geological Province data set for diamond exploration for $100,000 and would provide 500 hours of technical support over an 18 month period at a price of $50,000. During the third quarter of 2010, the agreement expired and the balance of $44,700 was forfeited to the Company and recognized as other income in the statement of operations.

5. Property and Equipment

	2011		
	Cost	Accumulated Amortization	Net book Value
Exploration equipment	$ 665,290	$ 516,725	$ 148,565
Office furniture and fixtures	58,953	46,613	12,340
	$ 724,243	**$ 563,338**	**$ 160,905**

	2010		
	Cost	Accumulated Amortization	Net book Value
Exploration equipment	$ 663,959	$ 480,876	$ 183,083
Office furniture and fixtures	58,953	43,528	15,425
	$ 722,912	**$ 524,404**	**$ 198,508**

In 2011 the Company wrote off $343 for a tape backup drive, purchased some solar panels and received a Government of the Northwest Territories Alternate Renewable Energy grant of $1,131.

During 2010, the Company sold its vehicle in Yellowknife for $4,000. The gain on the sale of vehicle was $1,479.

In 2010 the Company also wrote off $4,213 for a laptop computer and the solar and wind power generating equipment which were struck by lightning during the year. The Company applied for and received a Government of the Northwest Territories Alternate Renewable Energy grant of $15,000 and the balance of costs $41,751 were covered under the Company's insurance policy.

6. Share Capital

(a) Authorized: unlimited common shares without par value.

(b) Issued:

	Number of Shares	Amount
Balance, November 30, 2009	**150,423,693**	**$ 35,522,814**
Private placement, net of share issuance costs	3,000,000	147,128
Other share issue costs	-	(1,082)
Balance, November 30, 2010	**153,423,693**	**$ 35,668,860**
Private placement, net of share issuance costs	700,000	31,764
Private placement – flow-through shares, net of share issuance costs	900,000	41,557
Flow-through share renunciation	-	(11,025)
Other share issue costs	-	(3,799)
Balance, November 30, 2011	**155,023,693**	**$ 35,727,357**

(c) During the year ended November 30, 2011 the Company completed a private placement of 700,000 non flow-through units at $0.05 per unit for gross proceeds of $35,000 (share issuance costs of $3,236) and 900,000 flow-through units at $0.05 per unit for gross proceeds of $45,000 (share issuance costs of $3,443). Each non flow-through unit consists of one non flow-through common share and one non-transferable common share purchase warrant exercisable until September 20, 2014 at $0.10 per share. Each flow-through unit consists of one flow-through common share and one non-transferable non flow-through common share purchase warrant. Each warrant entitles the holder to purchase one non flow-through common share until September 20, 2014 at $0.10 per share. Both the non flow-through and flow-through shares have a hold period until January 21, 2012.

The proceeds from these flow-through shares will be spent on Canadian Exploration Expenditures on the Company's unproven mineral interests. See Note 15 (b);

6. Share Capital, continued

(d) Changes in warrants during the years ended November 30, 2011 and 2010 are as follows:

	2011		2010	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	5,198,334	$0.14	5,783,334	$0.25
Issued	1,600,000	$0.10	3,000,000	$0.10
Expired	-	-	(3,585,000)	$0.34
Outstanding, end of year	6,798,334	$0.16	5,198,334	$0.14

The Company has the following share purchase warrants outstanding as at November 30, 2011:

Number of warrants	Exercise Price	Expiry Date
888,000	$0.30	Aug. 20, 2012
3,000,000	$0.10	Sept. 17, 2012
1,310,334	$0.30	Sept. 21, 2012
1,600,000	$0.10	Sept. 20, 2014
6,798,334		

7. Stock Options

In 2006, the Company amended its Stock Option Plan to a 10% rolling plan whereby the Company may grant stock options to purchase up to 10% of the issued capital of the Company at the time of the grant of any option. Under the policies of the TSX Venture Exchange, options granted under the 10% rolling plan will not be required to include the mandatory vesting provisions required by the Exchange for fixed number stock option plans, except for stock options granted to investor relations consultants. Awarded stock options are exercisable over a period not exceeding five years at exercise prices determined by the Board of Directors.

Under this plan, the number of shares available for grant increases as the issued capital of the Company increases.

7. Stock Options, continued

During the year ended November 30, 2011 1,480,000 stock options expired unexercised.

	Shares	Weighted Average Exercise Price
Options outstanding as at November 30, 2009	**14,133,333**	**$0.21**
Granted	930,000	$0.10
Expired	(1,178,333)	$0.21
Options outstanding as at November 30, 2010	**13,885,000**	**$0.19**
Expired	(1,480,000)	$0.20
Options outstanding as at November 30, 2011	**12,405,000**	**$0.19**

	2011	2010
Weighted average remaining contractual life	1.82 years	2.56 years
Weighted average fair value of options granted during the year	N/A	$0.04

The following table sets forth information relating to stock options outstanding as at November 30, 2011:

Expiry Dates	Exercise prices	Number outstanding and exercisable at Nov. 30, 2011	Weighted average remaining contractual life (years)
May 1/12	$0.10	650,000	0.42
July 31/12	$0.10 and $0.56	2,775,000	0.67
May 1/13	$0.20	450,000	1.42
May 23/13	$0.10 and $0.20	3,350,000	1.48
July 31/13	$0.20	25,000	1.67
Aug. 19/14	$0.10	4,275,000	2.72
June 24/15	$0.10	880,000	3.57
		12,405,000	

7. Stock Options, continued

The fair value of each option granted was estimated as of the date of grant using the *Black-Scholes option pricing model* with the following assumptions:

	2011	2010
Risk-free interest rate	N/A	2.58%
Dividend yield	N/A	0%
Volatility	N/A	189.48%
Expected lives	N/A	5 years
Estimated forfeiture rate	N/A	0%

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

No stock options were granted during 2011.

8. Contributed Surplus

Contributed surplus for 2011 and 2010 is comprised of:

	2011	2010
Balance, beginning of year	$ 4,133,619	$ 4,094,639
Stock-based compensation on stock options	-	38,980
Balance, end of year	$ 4,133,619	$ 4,133,619

9. Related Party Transactions

During the year, the Company was billed $126,750 by a director (2010 - $150,000), including $56,445 (2010 - $99,805) for consulting fees and $70,305 (2010 – $50,195) for technical and professional services. Included in the November 30, 2011 accounts payable is $441,750 (2010 – $348,449) owed by the Company to the director. Transactions with related parties are measured at the exchange amount which is the amount agreed to by transacting parties.

10. Income Taxes

	2011	2010
Loss before income taxes	$ 4,631,654	$ 1,145,641
Combined federal and provincial income tax rate	26.7%	29.5%
Expected recovery for income taxes	1,236,652	337,960
Non-deductible expenses and other	(1,352,079)	(259,814)
Loss expiry	-	(80,950)
Tax rate changes	154,342	22,655
Recovery of valuation allowance	(27,890)	(19,851)
	$ 11,025	$ -

The income tax effects of temporary timing differences and unused tax losses that give rise to significant components of future income tax assets are as follows:

	2011	2010
Future Income Tax assets		
Unproven mineral interests	$ 1,280,651	$ 156,424
Property and equipment	155,475	159,520
Non-capital losses carry-forwards	1,073,578	1,022,472
Capital losses	1,065	253
Share issue costs	19,421	39,403
Total gross future income tax assets	2,530,190	1,378,072
Valuation allowance	(2,530,190)	(1,378,072)
	$ -	$ -

10. Income Taxes, continued

The Company has non-capital losses for income tax purposes of approximately $4,294,369 (2010 - $4,082,463), available to reduce future years' taxable income. The benefit of these non-capital losses has not been recognized in the Company's accounts as there is no reasonable assurance such benefit will be realized. If unused, the non-capital losses become no longer available to reduce taxable income after the end of the following taxation years:

Year	Non-capital Losses
2014	$ 229,883
2015	547,542
2026	719,104
2027	1,124,630
2028	757,479
2029	458,194
2030	272,571
2031	184,966
	$ 4,294,369

Certain events may result in the earlier expiry of the non-capital losses. Management, however, does not anticipate any such events. As at November 30, 2011, the Company also has cumulative resource and other tax pools of approximately $16 million carried forward for Canadian income tax purposes and are available to reduce taxable income of future years. The cumulative resource and certain other tax pools can be carried forward indefinitely.

11. Segmented Information

The Company is involved in mineral exploration and development activities, which are conducted entirely in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for each of the years ended November 30, 2011 and 2010.

12. Financial Instruments

The Company classifies all financial instruments as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Financial instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in the statement of operations. Financial instruments held as available-for-sale are marked-to-market with unrealized gains and losses being recognized in other comprehensive income. Financial instruments held-to-maturity, loans and receivables and financial liabilities are measured at amortized cost.

12. Financial Instruments, continued

(a) **Fair Value**

The fair value of financial instruments at November 30, 2011 and 2010 is summarized as follows:

	November 30, 2011		November 30, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Held for trading				
Cash	$179,801	$179,801	$184,680	$184,680
Loans and receivables				
Amounts receivable	$146,628	$146,628	$53,255	$53,255
Financial Liabilities				
Other Financial liabilities				
Accounts payable and accrued liabilities	$797,829	$797,829	$500,036	$500,036

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments. The Company's carrying value and fair value of cash under the fair value hierarchy is measured using Level 1 inputs. See Note 2(n).

(b) **Financial Risk Management**

The Company's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange (currency) risk and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. The Company deposits the majority of its cash with high credit quality financial institutions in Canada.

Currency risk

The Company operates in Canada and transacts business with foreign vendors and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

12. Financial Instruments, continued

(b) **Financial Risk Management**, continued

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The Company manages liquidity by carefully monitoring its operating requirements.

13. Supplementary Cash flow information

Non-cash operating, financing, and investing activities were conducted by the Company during fiscal years 2011 and 2010 as follows:

	2011	2010
Operating activities		
Accounts payable for deferred exploration costs	$ 548,291	$ 207,289
Financing activities		
Issuance of common shares as finder's fee	$ -	$ -
Investing activities		
Accounts payable for deferred exploration costs	$ (548,291)	$ (207,289)
Other supplementary cash flow information:		
Cash paid for interest charges	$ 659	$ 1,237
Cash paid for income taxes	$ -	$ -

14. Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its 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.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

See Note 1.

15. Subsequent Events

Subsequent to November 30, 2011:

(a) Emerick terminated its private placement and option agreement with the Company.

(b) The Company renounced $44,100 of Canadian Exploration Expenditures to investors.

See Notes 4 (c) and (d) for other subsequent events.