NOVO RESOURCES CORP.
(Formerly Galliard Resources Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended April 30, 2012

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Novo Resources Corp. for the three months ended April 30, 2012 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

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

Novo Resources Corp.
(Formerly Galliard Resources Corp.)
(Expressed in Canadian Dollars)
(Unaudited, Prepared by Management)
Condensed Interim Consolidated Statement of Financial Position

	Note	**April 30, 2012** **$**	**January 31, 2012** **$**
ASSETS			
Current assets			
Cash and cash equivalents		3,445,290	5,141,201
HST receivable		52,101	36,219
Prepaid expenses and deposits		11,687	19,351
Total current assets		3,509,078	5,196,771
Non-current assets			
Marketable securities	3	3,685,173	2,795,572
Equipment	4	9,579	10,083
Exploration and evaluation assets	5	1,311,476	933,822
Total non-current assets		5,006,228	3,739,477
Total assets		8,515,306	8,936,248
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		99,209	143,660
Total current liabilities		99,209	143,660
SHAREHOLDERS' EQUITY			
Share capital	6	8,758,837	8,754,431
Reserves	6	349,200	138,012
Accumulated other comprehensive income		188,517	306,250
Accumulated deficit		(880,457)	(406,105)
Total shareholders' equity		8,416,097	8,792,588
Total shareholders' equity and liabilities		8,515,306	8,936,248
Nature of Operations and Continuance of Operations	1		
Commitments	8		

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on June 26, 2012. They are signed on the Company's behalf by:

"David Velisek", Director
David Velisek

"Herrick Lau", Director
Herrick Lau

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

Novo Resources Corp.
(Formerly Galliard Resources Corp.)
(Expressed in Canadian Dollars)
(Unaudited, Prepared by Management)
Condensed Interim Consolidated Statement of Operation and Comprehensive Loss

		Three Months Ended April 30,	
		2012	**2011**
		$	**$**
	Note		
Expenses			
Accounting and audit		35,026	20,806
Consulting services	7	81,153	55,116
Depreciation		504	-
Filing fees		1,100	7,132
Insurance		6,167	-
Legal fees		20,269	15,641
Meals & entertainment		1,360	1,516
Office & general		22,346	2,100
Professional development		2,805	1,300
Property investigations		71,689	105,043
Rent		2,819	-
Share-based payment	6	212,795	-
Transfer agent fees		2,872	4,147
Travel		5,603	1,061
Wages and salaries	7	24,566	2,218
		491,074	216,080
Loss before other items		(491,074)	(216,080)
Other items			
Interest income		10,333	6,235
Foreign exchange loss		(945)	-
Unrealized holding gain on marketable securities (warrants)	3	7,334	-
Impairment of exploration and evaluation assets	5	-	(99,363)
		16,722	(93,128)
Net income (loss) for the period		(474,352)	(309,208)
Other comprehensive income (loss)	3	(117,733)	-
Comprehensive income (loss) for the period		(592,085)	(309,208)
Basic and diluted income (loss) per common share		(0.02)	(0.02)
Weighted average number of common shares outstanding		31,206,056	14,984,033

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

Novo Resources Corp.
(Formerly Galliard Resources Corp.)
(Expressed in Canadian Dollars)
(Unaudited, Prepared by Management)
Condensed Interim Consolidated Statement of Cash Flows

	Share Capital		Reserves				
	Number of Shares	Amount $	Option Reserve $	Warrant Reserve $	Accumulated Other Comprehensive Income $	Accumulated Deficit $	Shareholders' Equity $
Balance – January 31, 2011	**14,979,539**	**2,274,875**	**126,172**	**14,981**	**-**	**(418,581)**	**1,997,447**
Stock options exercised	100,000	36,673	(16,673)	-	-	-	20,000
Share issuance costs	-	(637)	-	-	-	-	(637)
Loss for the period	-	-	-	-	-	(309,208)	(309,208)
Balance – April 30, 2011	**15,079,539**	**2,310,911**	**109,499**	**14,981**	**-**	**(727,789)**	**1,707,602**
Balance – January 31, 2012	**31,199,993**	**8,754,431**	**128,093**	**9,919**	**306,250**	**(406,105)**	**8,792,588**
Warrants exercised	13,991	4,406	-	(1,607)	-	-	2,799
Issuance of stock options	-	-	212,795	-	-	-	212,795
Decrease in fair-value of marketable securities	-	-	-	-	(117,733)		(117,733)
Loss for the period	-	-	-	-	-	(474,352)	(474,352)
Balance – April 30, 2012	**31,213,984**	**8,758,837**	**340,888**	**8,312**	**188,517**	**(880,457)**	**8,416,097**

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

Novo Resources Corp.
(Formerly Galliard Resources Corp.)
(Expressed in Canadian Dollars)
(Unaudited, Prepared by Management)
Condensed Interim Consolidated Statement of Cash Flows

	Three Months Ended April 30,	
	2012	**2011**
	$	**$**
Operating activities		
Net loss for the period	(474,352)	(309,208)
Adjustments for:		
Depreciation	504	
Share-based payment	212,795	-
Impairment of exploration and evaluation assets	-	99,363
Unrealized holding gain on available for sale warrants	(7,334)	-
	(268,387)	(209,845)
Changes in non-cash working capital items:		
HST receivable	(15,882)	9,847
Interest receivable	-	(5,921)
Prepaid expenses and deposits	7,664	(6,664)
Accounts payable and accrued liabilities	36,643	37,644
	28,425	34,906
Net cash used in operating activiites	(239,962)	(174,939)
Investing activities		
Purchase of marketable securities	(1,000,000)	-
Expenditures on exporation and evaluation assets	(458,748)	-
Net cash used in investing activiites	(1,458,748)	-
Financing activities		
Issuance of share capital	2,799	20,000
Share issuance costs	-	(637)
Net cash used in financing activiites	2,799	19,363
Net change in cash and cash equivalents	(1,695,911)	(155,576)
Cash and cash equivalents, beginning of period	5,141,201	1,884,099
Cash and cash equivalents, end of period	3,445,290	1,728,523
Cash and cash equivalents comprise:		
Cash	130,790	94,023
Cash equivalents	3,314,500	1,634,500
	3,445,290	1,728,523

Supplemental cash flow information (Note 9)

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Novo Resources Corp. (the “Company” or “Novo”) was incorporated on October 28, 2009 pursuant to the provisions of the *Business Corporations Act* (British Columbia). The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties. The Company’s head office is located at 1980 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9, Canada.

On June 27, 2011, the Company changed its name to Novo Resources Corp. On June 29, 2011, the Company’s common shares began trading under the new symbol of “NVO” on the CNSX.

The amounts shown as exploration and evaluation assets represent net costs to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of these amounts and any additional amounts required to place the exploration and evaluation assets into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop its exploration and evaluation assets.

The Company had a working capital as at April 30, 2012 of $3,409,869 (January 31, 2012 - $5,053,111) and an accumulated deficit of $880,457 (January 31, 2012 - $406,105). These condensed interim consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon obtaining additional financing to meet its operating and exploration expenses in the future. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. Accordingly, these condensed interim consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), on a basis consistent with the most recent annual consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended January 31, 2012.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as at fair value through profit or loss (“FVTPL”) and available-for-sale that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available on April 30, 2012.

Basis of consolidation

In addition to the Company, the condensed interim consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

As at April 30, 2012, the subsidiaries of the Company are as follows:

- Novo Resources (USA) Corp., Nevada, USA
- Conglomerate Gold Exploration (B.V.I.) Ltd., Tortola, British Virgin Islands
- Conglomerate Gold Exploration Pty Ltd., Western Australia, Australia
- Nullagine Gold Pty Ltd., Western Australia, Australia
- Beatons Creek Gold Pty Ltd., Western Australia, Australia

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The condensed interim consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the condensed interim consolidated financial statements. Income and expenses for each statement of comprehensive income (loss) presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive income (loss).

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Equipment is depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 20% commencing when the related asset is available for use.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income (loss).

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company compares the carrying value of equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

All capitalized exploration and evaluation assets are is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the exploration and evaluation asset is not expected to be recovered, it is charged to the results of operations.

Decommissioning and rehabilitation liabilities

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company did not have any significant decommissioning and restoration obligations at April 30, 2012.

Share-based payments

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

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

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the options granted at the date the Company receives the goods or the services using the Black-Scholes option pricing model.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Warrants issued in equity financing transactions (continued)

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in the warrant reserve.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss.

Financial assets classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive income (loss). Cash and cash equivalents and marketable securities (warrants) are classified as fair value through profit or loss.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. As at April 30, 2012, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. Marketable securities (common shares) are classified as available for sale.

Transaction costs associated with fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Account payables and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive income (loss). At April 30, 2012 the Company has not classified any financial liabilities as fair value through profit or loss.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Marketable Securities

Investments in shares of companies over which the Company exercises neither control nor significant influence are designated as available-for-sale and recorded at fair value. Fair values are determined by reference to quoted market prices at the reporting date. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income. When available-for-sale investments are sold, the cumulative fair value adjustments previously recorded in other comprehensive income are recognized in the income (loss) as gain or loss on marketable securities.

Investments in warrants of companies over which the Company exercises neither control nor significant influence are designated as derivatives despite the fact they are generally held for long-term investment purposes. Warrants are recorded at fair value, with fair values determined by a Black-Scholes option pricing model at the statement of financial position date. Unrealized gains and losses on warrants are recognized in income (loss) as holding gain or loss on marketable securities (warrants).

The Company may purchase an investment in shares and warrants of a company as a unit. A unit typically comprises a certain number of common shares and shares purchase warrants. The Company has adopted a residual value method with respect to the measurement of common shares and share purchase warrants purchased as a unit. The fair value of the common shares is determined by the closing quoted bid price at the date of purchase. The balance, if any, is allocated to the attached share purchase warrants.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of operations.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, however the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) the recoverability of exploration and evaluation assets in the consolidated statements of financial position.

(b) the inputs used in accounting for share-based payment expense in the statements of comprehensive income (loss).

(c) the inputs used in accounting for the fair value of agent's warrants reported as share issuance cost.

(d) the inputs used to measure the fair value of marketable securities (warrants) that are not traded in an active market.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the April 30, 2012 reporting period. The following standards are assessed not to have any impact on the Company's condensed interim consolidated financial statements:

(a) IFRS 9, Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

(b) IFRS 10, Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the condensed interim consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations (continued)

(c) IFRS 11, Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013. This standard is assessed not to have any impact on the Company's condensed interim consolidated financial statements.

(d) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013. This standard is assessed not to have any impact on the Company's condensed interim consolidated financial statements.

(e) IFRS 13, Fair Value Measurements

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

(Expressed in Canadian Dollars, unless stated otherwise)

3. MARKETABLE SECURITIES

At April 30, 2012, the Company held the following marketable securities:

	April 30, 2012				January 31, 2012
	Number	Cost	Accumulated Unrealized Gains	Fair Value	Fair Value
Available-for-sale securities					
EurOmax Resources Ltd. Common Shares	7,000,000	$1,540,000	$ -	$1,540,000	$ 1,890,000
Properity Golfields Corp. Common Shares	1,987,527	$1,000,000	$ 232,267	$1,232,267	-
Fair value through profit or loss					
EurOmax Resources Ltd. Warrants	7,000,000	-	$ 593,637	$ 593,637	$ 905,572
Prosperity Goldfields Corp. Warrants	833,333	-	$ 319,269	$ 319,269	-
		$2,540,000	$ 1,145,173	$3,685,173	$ 2,795,572

On January 13, 2012, the Company acquired, from participating in a non-brokered private placement, 7 million units of EurOmax Resources Ltd. (“Euromax”), at a price of $0.22 per unit, for a total investment of $1,540,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each non-transferable share purchase warrant entitles the Company to purchase one additional common share of Euromax at a price of $0.30 per share for a period of two years from the date of issue.

The entire purchase price of $1,540,000 was allocated to the common shares as the closing quoted bid price of EurOmax Resources Ltd. was greater than the $0.22 per unit purchase price.

On February 29, 2012, the Company entered into a securities purchase agreement with Evolving Gold Corp. (“Evolving Gold”), whereby the Company agreed to purchase from Evolving Gold 1,987,527 common shares (the “Prosperity Shares”) and 833,333 share purchase warrants (the “Prosperity Warrants”) of Prosperity Goldfields Corp. (“Prosperity”) in consideration for $1,000,000. Of these securities, 1,192,516 of the Prosperity Shares and 500,000 of the Prosperity Warrants will be held in escrow as of April 24, 2012.

The entire purchase price of $1,000,000 was allocated to the common shares as the closing quoted bid price of Prosperity Goldfields Corp. was greater than the $0.50 per common share purchase price.

During the period ended April 30, 2012 the Company recognized an unrealized holding loss of $117,733 (April 30, 2011 - $Nil) in other comprehensive gain on the above marketable securities (common shares) designated as available-for-sale instruments.

During the year ended April 30, 2012, the Company recognized an unrealized holding gain of $7,334 (April 30, 2011 - $Nil) on the above marketable securities (warrants) designated as at FVTPL instruments. The warrants were valued using the Black-Scholes option pricing model assuming no dividends are to be paid, an average volatility of Euromax’s and Prosperity’s share price of 94% and 96%, an annual risk free interest rate of 1.34% and expected life of 1.71 and 0.52 years, respectively.

(Expressed in Canadian Dollars, unless stated otherwise)

4. EQUIPMENT

	Office Furniture and Equipment $	Total $
Cost:		
Balance at January 31, 2012	10,083	10,083
Additions	-	-
Disposals	-	-
Balance at April 30, 2012	10,083	10,083

Accumulated Depreciation	Office Furniture and Equipment $	Total $
Balance at January 31, 2012	-	-
Depreciation	(504)	(504)
Disposals	-	-
Balance at April 30, 2012	-	-

Carrying Value:	Office Furniture and Equipment $	Total $
Balance at January 31, 2012	-	-
Balance at April 30, 2012	9,579	9,579

5. EXPLORATION AND EVALUATION ASSETS

Enterprise Property

On July 16, 2011, the Company terminated the Enterprise Property option agreement and returned the mineral claims to the Optionor. As a condition to terminate the option agreement, the Company paid $35,274 to the Optionor. The Company wrote off the exploration and evaluation assets relating to the Enterprise Property.

(Expressed in Canadian Dollars, unless stated otherwise)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Millennium Property

On August 2, 2011, the Company entered into a farm-in and joint venture agreement (the "Millennium Agreement") with Millennium Minerals Ltd. ("Millennium"). As consideration for the farm-in right to earn the 70% interest in and to the Beatons Creek Tenements, the Company issued 1,293,875 common shares to Millennium. In order to earn a 70% interest in the Beatons Creek Tenements, the Company must issue to Millennium such number of common shares of the Company having a value of AUD$500,000, incur expenditures on the Beatons Creek Tenements of not less than AUD$1,000,000 by the second anniversary of the effective date, including not less than AUD$500,000 by the first anniversary of the effective date, and procuring (at its cost) a bankable feasibility study in respect of the gold rights before the fifth anniversary of the effective Date. The Company will solely fund all expenditures on the Beatons Creek Tenements required under the Mining Act 1978 (Western Australia) in relation to gold rights, and Millennium will not be required to fund any such expenditures on the Beatons Creek Tenements during the farm-in period. Millennium will bear costs associated with exploring for and recovering minerals other than gold.

As at April 30, 2012, the Company has the following future requirements to fulfill its obligation under the Millennium Agreement:

Date	**Shares**	**Exploration Expenditures**
Upon signing of the Millennium Agreement	1,293,875 shares (Issued)	-
August 2, 2012	-	$500,000 AUD
August 2, 2013	-	$500,000 AUD
Total	1,293,875 shares (Issued)	$1,000,000 AUD

On December 16, 2011, the Company and Millennium entered into a tribute agreement (the "Tribute Agreement") with Gravity Gold Pty Ltd. ("Gravity Gold") by which Gravity Gold is entitled to produce gold from alluvial deposits at the Beatons Creek Tenements. Gravity Gold will pay a 10% production royalty to the Company on all gold production. The Tribute Agreement has a maximum term of three years. The Company is focused on exploring for the bedrock source of this alluvial gold mineralization, and any activities conducted by Gravity Gold during mining of alluvial deposits will not interfere with the Company's exploration efforts.

(Expressed in Canadian Dollars, unless stated otherwise)

5. EXPLORATION AND EVALUATION ASSETS (continued)

The exploration and evaluation assets are comprised as follows:

	Beatons Creek $	Enterprise $	Total $
Balance, January 31, 2011	-	99,363	99,363
Acquisition Costs	520,274	-	520,274
	520,274	-	520,274
Exploration Expenditures:			
Data Processing	16,959	-	16,959
Distillate	215	-	215
Drilling	241,416	-	241,416
Field Supplies	8,503	-	8,503
General Administration	5,880	-	5,880
Geological Services	52,369	-	52,369
Maps	620	-	620
Miscellaneous	956	-	956
Project Supervision	32,666	-	32,666
Rock Samples	12,124	-	12,124
Surveying	7,294	-	7,294
Tenements	9,175	-	9,175
Travel & Accomodation	25,371	-	25,371
	413,548	-	413,548
Option agreement termination payment		35,274	35,274
Impairment of exploration and evaluation assets	-	(134,637)	(134,637)
Balance, January 31, 2012	933,822	-	933,822
Acquisition Costs	-	-	-
Exploration Expenditures:			
Accomodation & Messing	13,780	-	13,780
Field Supplies	7,941	-	7,941
Courier	62	-	62
Data Processing	40,986	-	40,986
Distillate	1,702	-	1,702
Drill site preparation	9,213	-	9,213
Drilling	148,497	-	148,497
Field Staff	44,861	-	44,861
Freight	8,546	-	8,546
Geology	(6,074)	-	(6,074)
Maps	496	-	496
Project Supervision	37,639	-	37,639
Rock Samples/Laboratory	46,330	-	46,330
Telephone	1,581	-	1,581
Tenement Administration	1,273	-	1,273
Tenements	3,899	-	3,899
Travel Local	5,101	-	5,101
Unleaded	68	-	68
Vehicle Hire	11,753	-	11,753
	377,654	-	377,654
Balance, April 30, 2012	1,311,476	-	1,311,476

(Expressed in Canadian Dollars, unless stated otherwise)

6. CAPITAL AND RESERVES

Authorized

Unlimited number of common voting shares without nominal or par value. All issued common shares are fully paid.

During fiscal 2012:

(a) On November 30, 2011, the Company completed a non-brokered private placement of 14,782,500 units at a price of $0.40 per unit for gross proceeds of $5,913,500. Each unit consists of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.60 per share for a period of 2 years from the closing date of the private placement. As part of the private placement, the Company incurred share issuance costs of $1,544.

During fiscal 2013:

(a) During the period ended April 30, 2012, a total of 13,991 IPO agent's share purchase warrants were exercised at a price of $0.20 for gross proceeds of $2,799. A total of $1,607 of the reserve balance was reversed and credited to the share capital account.

Escrowed shares

As at April 30, 2012, the Company has 1,507,500 common shares held in escrow. All of the common shares in escrow will be released at a rate of 15% every six months.

Warrants

The continuity of warrants is as follows:

	April 30, 2012		January 31, 2012	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Weighted outstanding, beginning of period	18,153,882	$ 0.58	3,415,461	$ 0.49
Granted	-	$ -	14,782,500	$ 0.60
Exercised	(13,991)	$ 0.20	(44,079)	$ 0.20
Warrants outstanding, end of period	18,139,891	$ 0.58	18,153,882	$ 0.58

Full share equivalent warrants outstanding and exercisable at of April 30, 2012:

Expiry Date	Price Per Share	Warrants Outstanding
June 10, 2012	0.20	72,391
June 10, 2013	0.50	3,285,000
November 30, 2013	0.60	14,782,500
		18,139,891

(Expressed in Canadian Dollars, unless stated otherwise)

6. CAPITAL AND RESERVES (continued)

Share option plan

The Company has adopted a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the Canadian National Stock Exchange ("CNSX").

The continuity of stock options is as follows:

	April 30, 2012			January 31, 2011		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Options outstanding, beginning of period	700,000	$	0.26	800,000	$	0.20
Granted	1,310,000	$	0.45	150,000	$	0.48
Exercised	-	$	-	(100,000)	$	0.20
Expired	-	$	-	(150,000)	$	0.20
Options outstanding, end of period	2,010,000	$	0.38	700,000	$	0.26

The options outstanding and exercisable at April 30, 2012 are as follows:

Outstanding Options				Exercisable Options		
Number Outstanding		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable		Weighted Average Exercise Price
250,000	$	0.20	8.12	250,000	$	0.20
300,000	$	0.20	8.29	300,000	$	0.20
150,000	$	0.48	0.08	150,000	$	0.48
1,310,000	$	0.45	4.81	327,500	$	0.45
2,010,000	$	0.38	5.39	1,027,500	$	0.32

On June 1, 2011, the Company granted 150,000 stock options to a consulting firm that provides investor relations services. The options are exercisable at $0.48 per share and will expire on May 31, 2012. 37,500 options vested immediately, while the remaining 112,500 options carry the following vesting schedule:

Number of Options	Vesting Date
37,500	September 1, 2011
37,500	December 1, 2011
37,500	March 1, 2012

(Expressed in Canadian Dollars, unless stated otherwise)

6. CAPITAL AND RESERVES (continued)

On February 20, 2012, the Company granted 1,310,000 stock options to certain directors, officers and consultants. The options are exercisable on or before February 20, 2017 at an exercise price of $0.45 per share. 327,500 options vested immediately, while the remaining 982,500 options carry the following vesting schedule:

Number of Options	Vesting Date
327,500	Aug 20, 2012
327,500	Feb 19, 2013
327,500	Aug 20, 2013

For the period ended April 30, 2012, the total share-based payment expense was $212,795 (April 30, 2011 - $Nil).

The weighted average fair value of options, estimated using the Black-Scholes option pricing model, was $0.45 per option (April 30, 2011 - $Nil).

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following weighted average assumptions:

	2013	**2012**
Risk-free interest rate	1.47%	1.11%
Dividend yield	-	-
Expected volatility	145%	112%
Expected option life	5 years	1 year
Forfeitures	-	-

Option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

7. RELATED PARTY DISCLOSURES

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Key Management Personnel Disclosures*

During the period ended April 30, 2012 and 2011, the following amounts were incurred with respect to the Chief Executive Officer, the Chief Financial Officer and directors of the Company:

	April 30, 2012	**April 30, 2011**
	$	**$**
Consulting services	33,250	18,000
Wages and salaries	40,369	-
Wages and salaries included in exploration and evaluation assets	20,126	-
Share-based payments	114,378	-
	208,123	18,000

As at April 30, 2012, $14,500 (January 31, 2012 - $Nil) remained unpaid.

(Expressed in Canadian Dollars, unless stated otherwise)

7. RELATED PARTY DISCLOSURES (continued)

(b) *Other Related Party Disclosures*

During the period ended April 30, 2012 and 2011, the following amounts were incurred with respect to a corporation controlled by the Chief Financial Officer:

	April 30, 2012	April 30, 2011
	$	$
Consulting services	30,000	30,000
Share-based payments	-	-
	30,000	30,000

As at April 30, 2012, $Nil (January 31, 2012 - $Nil) remained unpaid.

8. COMMITMENTS

On July 1, 2010, the Company entered into a consulting agreement with a director of the Company for providing corporate communications services. The agreement is for a term of 24 months beginning July 1, 2010. The Company shall pay the consultant an upfront lump sum payment of $12,000, followed by 24 monthly payments of $2,000 plus applicable taxes.

On August 1, 2010, the Company entered into a consulting agreement with a senior officer and director of the Company for providing financial operation and strategic financial planning services. The agreement is for a term of 24 months beginning August 1, 2010. The Company shall pay the consultant an upfront lump sum payment of $17,000, followed by 24 monthly payments of $2,000 plus applicable taxes.

9. SUPPLEMENTAL CASH FLOW INFORMATION

During the period ended April 30, 2012 and 2011 non-cash activities were conducted by the Company as follows:

	April 30, 2012	April 30, 2011
	$	$
Operating activity		
Decrease in accounts payable and accrued liabitlies	52,992	-
Investing activity		
Additions to exploration and evaluation assets	(52,992)	-

(Expressed in Canadian Dollars, unless stated otherwise)

10. FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash and cash equivalents, marketable securities (warrants and common shares), and accounts payable and accrued liabilities. IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 – applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature.

Cash and cash equivalents and marketable securities (common shares) are measured using Level 1 inputs. The fair values of marketable securities (common shares) are measured at the closing market price obtained from the exchange.

Marketable securities (warrants) are measured using Level 2 inputs. The fair values of marketable securities (warrants) are measured using a Black-Scholes model based on assumptions that are supported by observable current market conditions.

The fair value of financial instruments at April 30, 2012 and January 31, 2012 are summarized in the following table.

	April 30, 2012		January 31, 2012	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Fair value through profit and loss				
Cash and cash equivalents	3,445,290	3,445,290	5,141,201	5,141,201
Marketable securities (warrants)	912,906	912,906	905,572	905,572
Available-for-sale				
Marketable securities (shares)	2,772,267	2,772,267	1,890,000	1,890,000
Financial liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	99,209	99,209	143,660	143,660

(Expressed in Canadian Dollars, unless stated otherwise)

10. FINANCIAL INSTRUMENTS (continued)

b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

c) Foreign Exchange Rate Risk

The Company has operations in Canada and Australia subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian, Australian and the United States dollar, and the fluctuation of the Canadian dollar in relation to these other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar, US dollar, and the Australian dollar.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

At April 30, 2012 and January 31, 2012 the Company's Australian and US dollar denominated monetary assets and monetary liabilities are as follows:

Australian Monetary assets	April 30, 2012	January 31, 2012
Cash and cash equivalents	807	938
Accounts payable	-	127,664

US Monetary assets	April 30, 2012	January 31, 2012
Cash and cash equivalents	60,274	151,091
Accounts payable	1,863	293

The exposure to foreign exchange rate risk is considered minimal.

d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. All of the Company's financial liabilities are classified as current and the Company has a practice of paying their outstanding payables within 30 days.

e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of commodities.

As at April 30, 2012, the Company owns common shares and share purchase warrants included in marketable securities. By holding these marketable securities, the Company is inherently exposed to various risk factors including market price risk.

(Expressed in Canadian Dollars, unless stated otherwise)

10. FINANCIAL INSTRUMENTS (continued)

(f) Interest Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

11. MANAGEMENT OF CAPITAL RISK

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company defines capital that it manages as share capital, cash and cash equivalents and marketable securities.

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 the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

12. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. Geographic information comprising exploration and evaluation assets and equipment is as follows:

	April 30, 2012	January 31, 2012
	$	$
Equipment		
- United States	9,579	10,083
	9,579	10,083
Exploration and evaluation assets		
- Australia	1,311,476	933,822
	1,311,476	933,822