GOLDEN FAME RESOURCES CORP.
(*formerly Canfe Ventures Ltd.*)

Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2010 and May 31, 2010

Chang Lee LLP
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Golden Fame Resources Corp. (formerly Canfe Ventures Ltd.)

We have audited the accompanying consolidated financial statements of Golden Fame Resources Corp. ("the Company"), which comprise the consolidated balance sheets as at December 31, 2010 and May 31, 2010 and the consolidated statements of operations, comprehensive loss and deficit, shareholders' equity and cash flows for the seven months ended December 31, 2010 and for the period from June 24, 2009 (inception) to May 31, 2010, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 Company'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 Company'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 statement.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and May 31, 2010 and the results of its operations and its cash flows for the seven months ended December 31, 2010 and for the period from June 24, 2009 (inception) to May 31, 2010 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 an accumulated deficit of $169,513. This condition, along with other matters as set forth in note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

CHANG LEE LLP
Chartered Accountants

Vancouver, Canada
May 2, 2011

GOLDEN FAME RESOURCES CORP.
(formerly Canfe Ventures Ltd.)
Consolidated Balance Sheets

	December 31, 2010	May 31, 2010
	$	$
Assets		
Current Assets		
Cash	354,947	428,953
GST Receivables	37,472	-
Prepaid Expenses	102,323	-
Total Current Assets	494,742	428,953
Mineral Properties (Note 4)	1,383,046	986,080
TOTAL ASSETS	1,877,788	1,415,033
Liabilities & Shareholders' Equity		
Current Liabilities		
Accounts Payable and accrued liabilities	16,794	34,002
Due to Related Parties	-	1,373,295
Total Current Liabilities	16,794	1,407,297
Non-controlling interest	-	967
Shareholders' Equity		
Share Capital (Note 5)	1,027,776	10,028
Contributed Surplus	1,003,722	-
Accumulated Other Comprehensive loss	(991)	(791)
Deficit	(169,513)	(2,468)
Total Shareholders' Equity	1,860,994	6,769
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,877,788	1,415,033

Nature of Operations (Note 1)
Subsequent Events (Note 11)

On behalf of the Board

"Lawrence Dick" Director — *"Jason Birmingham"* Director
Lawrence Dick — Jason Birmingham

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

GOLDEN FAME RESOURCES CORP.
(formerly Canfe Ventures Ltd.)
Consolidated Statements of Shareholders' Equity

	Common Shares				Accumulated Other	
	Number of Shares	Amount	Contributed Surplus	Deficit	Comprehensive (Loss)	Total
		$	$	$	$	$
Balance on June 24, 2009	-	-	-	-	-	-
Common shares issued	16,000,000	10,028	-	-	-	10,028
Net loss for the period	-	-	-	(2,468)	-	(2,468)
Other comprehensive income	-	-	-	-	(791)	(791)
Balance on May 31, 2010	16,000,000	10,028	-	(2,468)	(791)	6,769
Recapitalization - Canfe and finders' shares	6,278,942	-	-	(126,406)	-	(126,406)
Private placement (net of issuance costs)	8,000,000	1,017,748	76,586	-	-	1,094,334
Forgiveness of debt	-	-	927,136	-	-	927,136
Net loss for the period	-	-	-	(40,639)	-	(40,639)
Other comprehensive income	-	-	-	-	(200)	(200)
Balance on December 31, 2010	30,278,942	1,027,776	1,003,722	(169,513)	(991)	1,860,944

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

GOLDEN FAME RESOURCES CORP.
(formerly Canfe Ventures Ltd.)
Consolidated Statements of Operations, Comprehensive Loss and Deficit

	Seven Months Ended December 31, 2010	June 24, 2009 (inception) to May 31, 2010
	$	$
Expenses		
Accounting Fees	12,882	106
Consulting Fees	10,000	-
Legal Fees	-	583
Office and Administration	1,394	1,516
Advertising and Promotion	17,678	-
Travel and Accomodation	-	-
Transfer Agent and Regulatory Fees	1,460	636
	43,414	2,841
Other (Income) / Expenses		
Interest Income	(20)	(21)
Foreign Exchange Gain	(1,788)	-
	(1,808)	(21)
Loss before non-controlling interest	41,606	2,820
Non-controlling interest	(967)	352
Net loss for the year	40,639	2,468
Other comprehensive income		
Unrealized foreign exchange translation	200	791
Comprehensive loss	40,839	3,259
Basic and diluted loss per share	0.00	0.00
Weighted average number of common shares outstanding - basic and diluted	21,416,677	16,000,000

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

GOLDEN FAME RESOURCES CORP.
(formerly Canfe Ventures Ltd.)
Consolidated Statements of Cash Flows

	Seven Months Ended December 31, 2010	June 24, 2009 (inception) to May 31, 2010
	$	$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss for the period	(40,639)	(2,468)
Non cash item		
Non-controlling interest	(967)	(352)
Changes in non-cash working capital		
Decrease/(Increase) in GST receivables	(16,027)	-
Decrease/(Increase) in prepaids	35,541	-
Increase/(Decrease) in accounts payable and accrued liabilities	(255,797)	34,002
Net cash flows used in operating activities	(277,889)	31,182
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Acqusition of mineral property	(423,340)	(986,080)
Net cash flows used in investing activities	(423,340)	(986,080)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Issuance of common shares, net of issuance costs	1,094,693	10,028
Due to related parties	(411,360)	1,373,295
Net cash flows from financing activities	683,333	1,383,323
Effect of foreign exchange on cash	(56,110)	528
Increase/(Decrease) in cash	(74,006)	428,425
Cash, Beginning of the period	428,953	-
Cash, End of the period	354,947	428,953

Supplemental disclosure with respect to cash flows (Note 6)

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

1. NATURE OF OPERATIONS

Golden Fame Resources Corp. formerly known as Canfe Ventures Ltd., (the “Company” or “GFA”) was incorporated under the Business Corporations Act (British Columbia) on January 14, 2008. On June 16, 2008, the Company completed its initial public offering of 3 million common shares at a price of $0.10 per share for gross proceeds of $300,000 (the “IPO”). On June 18, 2008, the Company officially began trading on the TSX Venture Exchange (the “Exchange”) under the Exchange’s capital pool program with the stock symbol “FEY.P”.

On October 21, 2010, the Company completed its Qualifying Transaction which involved the acquisition of 87.5% of the issued and outstanding shares of Fame Oriented Holdings Limited (“Fame”) and changed its name to Golden Fame Resources Corp. to better reflect its new business. Fame was incorporated in the British Virgin Islands (“BVI”) under the BVI Business Companies Act on June 24, 2009. The transaction was recorded as a reverse acquisition (“RTO”), as the control of the Company was acquired by the corporate officers and former shareholders of Fame. Although legally GFA is regarded as the parent or continuing company, Fame is treated as the accounting acquirer under Canadian generally accepted accounting principles (“CGAAP”). Consequently, the Company is deemed to be a continuation of Fame and GFA is deemed to have been acquired in consideration for its issued and outstanding shares prior to the RTO. As a result, these consolidated financial statements reflect the financial position, operating results and cash flows of the legal subsidiary, Fame as at and for the seven months ended December 31, 2010 as Fame has changed its year end from May 31 to December 31 and the operations of GFA from October 22, 2010 to December 31, 2010.

The Company’s new trading symbol is “GFA”. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties.

The amounts shown as mineral interest 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 these properties 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 mineral properties.

The Company has a working capital as at December 31, 2010 of $477,948 (May 31, 2010 – working capital deficiency of $978,342) and an accumulated deficit of $169,513 (May 31, 2010 - $2,468). These 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 expenses in the future. Failure to arrange adequate financing on acceptable terms and to achieve profitability would have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company have been prepared by management in accordance with CGAAP and are presented in Canadian dollars. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its 87.5% owned subsidiaries Fame Oriented Holdings Limited ("Fame") and Golden Fame (USA) Inc. ("GF"). GF was incorporated on September 22, 2009 under the laws of the state of Nevada, USA. All inter-company transactions and balances have been eliminated upon consolidation.

Estimates and measurement uncertainty

The preparation of financial statements in conformity with CGAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of commitments and contingencies at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates include assumptions and estimates relating to but not limited to, the determination of mineral interest, fair values for purposes of impairment analysis, reclamation obligations, stock-based compensation and warrants, and valuation allowances for future income tax assets, and future income tax liabilities.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. There were no cash equivalents as at December 31, 2010 (May 31, 2010 - $Nil).

Mineral interests

All costs related to the acquisition, exploration and development of mineral interests, less option payments received, are capitalized by property. If economically recoverable reserves are developed, capitalized costs of the related interest are reclassified as mining assets and amortized using the unit of production method. When an interest is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral interest is impaired, that interest is written down to its estimated net realizable value. A mineral interest is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If the Company transfers its right, title and interest in an interest to a third party, a disposition is recorded. The proceeds less the accumulated costs related to the acquisition, exploration and development of the interest is recognized as a gain or loss.

The amount shown for mineral interest does not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long lived assets that the Company is required to settle. This would include obligations related to future removal of long-lived assets and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company currently does not have any significant asset retirement obligations.

Impairment of long-lived assets

The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Future income taxes

The Company follows the liability method of income tax allocation. 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 temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Earnings (loss) per share

The Company uses the treasury stock method of reporting earnings and other per share amounts. Basic earnings per share are computed by dividing earnings from operations by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares.

The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only dilutive instruments where the market price exceeds the exercise price impact the diluted calculations.

Comprehensive income

Comprehensive income is the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. These transactions and events include unrealized gains and losses resulting from changes in fair value of certain financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method determined by the 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 expected life of the options. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock. The value of such awards is charged to the statement of operations over the vesting period of the stock awards with an offsetting credit to contributed surplus except for options granted as consideration for share issue costs, which are charged to share capital.

Consideration paid for shares on exercise of the stock options will be credited to share capital together with the amount of any contributed surplus that arose as a result of the grant of the exercised stock option.

Foreign currency transactions

Foreign currency transactions are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Monetary assets and liabilities are adjusted at each balance sheet date to reflect exchange rates prevailing at that date, and non-monetary assets and liabilities are translated at the historical rate of exchange. Gains and losses arising from foreign currency translation at each period-end are included in the statements of operations.

Financial instruments

The Company designated its financial instruments into one of the following five categories: held-for-trading; available for-sale; held-to-maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held-for-trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties. The Company has classified its cash and cash equivalents as held for trading, which is measured at fair value. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, which are measured at amortized cost. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements. For the period ended December 31, 2010 and the year ended May 31, 2010, the fair value of cash and cash equivalents was measured using Level 1 inputs.

The three levels of the fair value hierarchy are:
• Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities in active markets;
• Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data
• Level 3 - Significant unobservable inputs which are supported by little or no market activity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments. Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from the markets.

The fair value of cash, accounts payable and accrued liabilities and due to related parties approximate their carrying values due to the short-term nature of these instruments.

As at December 31, 2010, the Company's financial instruments are comprised of cash, accounts payable and accrued liabilities and due to related parties. The carrying value of cash, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 354,947	$ -	$ -	$ 354,947
Total	$ 354,947	$ -	$ -	$ 354,947

Recently accounting pronouncements

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

International Financial Reporting Standard ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

3. REVERSE ACQUISITION

On October 21, 2010, the Company completed its Qualifying Transaction by entering into an Acquisition Agreement with Fame, Baron Natural Resources Holdings Limited ("BNR") and Eagle Action Limited ("EA") to acquire 87.5% of the issued and outstanding shares of Fame (the "Transaction"). Fame and its wholly-owned subsidiary GF are privately held junior mining companies holding the rights to earn a 100% interest in the Goldridge Property, located in Cochise County, Arizona. GF, the wholly-owned subsidiary, is incorporated in Nevada, USA.

On October 21, 2010, the Company issued 16,000,000 common shares to BNR and EA at a deemed price of $0.15 for Fame's 10,000 common shares, which resulted in the BNR and EA holding approximately 75% of the outstanding shares of the Company. A finder's fee of 1,016,667 common shares, were issued to an arm's length party in connection with the Transaction.

The Transaction was accounted for as a reverse acquisition, as the control of the Company was acquired by BNR and EA. Although legally, the Company is regarded as the parent or continuing company, Fame is treated as the accounting acquirer under Canadian GAAP. Consequently the Company is deemed to be the continuation of Fame, which the 10,000 issued and outstanding common shares of Fame have been restated using the exchange ratio established in the Acquisition Agreement to arrive 16,000,000 common shares issued to effect the Transaction. The net liabilities of Canfe prior to the Transaction have been accounted for as a recapitalization in the consolidated financial statements.

The consolidated financial statements of the Company for the seven months ended December 31, 2010 include the operations of Fame and its subsidiary from June 1, 2010 to December 31, 2010 and the operations of Canfe from October 21, 2010 to December 31, 2010.

Under reverse takeover accounting, 6,278,942 common shares issued, which includes the 5,262,275 common shares issued and outstanding prior to the Transaction and the 1,016,667 common shares issued as the finder's fee for the Transaction are accounted for as a capital transaction as Canfe does not meet the definition of a business under the Canadian Institute of Chartered Accountant Handbook Emerging Issues Committee Abstract 124, "Definition of a Business". As a result, the net liabilities of $126,406 at Canfe upon the Transaction have been accounted as a recapitalization which recorded as a reduction to the retained earnings. A breakdown of Canfe's net liabilities as at October 21, 2010 is as follows:

Net liabilities acquired :

Cash and Cash equivalents	$	(255,048)
Prepaid expense		137,864
Receivable		77,989
Accounts payable		(87,211)
	$	(126,406)

4. MINERAL INTEREST

On October 30, 2009, Golden Fame (USA) Inc. (the "Assignee" or "GF") entered into an assignment agreement with Copper One USA Inc. (the "Assignor") under which the Assignor has assigned 100% of its right, title and interest in the Goldridge Property (also known as the Dos Cabezas Property) for the total price of $150,000 (paid) and reimbursement of expenses incurred by the Assignor of $204,413 (paid). In addition, the Company agreed to be irrevocably bound by all the terms identified in the Dos

4. MINERAL INTEREST…(cont'd)

Cabezas Purchase Agreement (see below) with the exception of the obligation of the first payment of $50,000 to Fronteer Development (USA) Inc. which was made by the Assignor.

Dos Cabezas Purchase Agreement

On July 31, 2009, Assignor entered into an option agreement with Fronteer Development (USA) Inc. (the "Fronteer") under which Assignor has the right to purchase the Dos Cabezas Property in southern Arizona for the total price of $400,000 payable over 3 years. To ensure that the Dos Cabezas Agreement is held in good standing, the Company is committed to pay the cash as the following:

July 31, 2009 $50,000 (paid by Assignor)
July 31, 2010 $100,000 (paid)
July 31, 2011 $100,000 (paid)
July 31, 2012 $150,000 (paid)

On June 3, 2010, Fame USA paid to Fronteer the outstanding balance of cash purchase payments for the Gold Ridge Property of $350,000. Fame USA now owns the entire interest of Fronteer in the Gold Ridge Property consisting of private property, patented mining claims, and unpatented mining claims, subject to a 2% Net Smelter Returns royalty payable to Fronteer. Fame USA has the right to purchase from Fronteer one-half of the Net Smelter Returns royalty any time before October 9, 2029, by paying Fronteer $500,000. Fame USA also received an assignment from Fronteer of all its rights as lessee to a leased group of 12 unpatented mining claims which are subject to payment to the lessor of a Net Smelter Returns royalty of 3%, with an annual advance minimum royalty payment of $8,800, and payment to Fronteer of an additional Net Smelter Returns royalty of 1% on production from the leased claims.

Goldridge Property	**From June 24, 2009 to May 31, 2010**	**Additions**	**December 31, 2010**
Acquisition Costs	158,100	364,336	522,436
	-		
Exploration Expenditures	-		
Travel and accomodation	42,852	(1,029)	41,823
General administration	58,475	35,377	93,852
Legal fees	50,119	(1,293)	48,826
General consulting	123,677	(1,343)	122,334
Geological consulting	185,616	3,527	189,143
Equipment and field expenses	17,818	(460)	17,358
Road repair	46,945	(1,211)	45,734
Drilling	296,351	(7,648)	288,703
Miscellaneous	6,127	6,710	12,837
Total acquisition and exploration costs	986,080	396,966	1,383,046

The reduction in the exploration expenditures pertains to changes in foreign exchange rate between May 31, 2010 and October 21, 2010, the date of the RTO.

SHARE CAPITAL

a) Authorized:

Unlimited number of common voting shares without nominal or par value

b) Issued and outstanding:

On October 21, 2010, pursuant to the Share Exchange Agreement dated August 17, 2010, the Company issued 16,000,000 common shares for Fame's issued and outstanding 10,000 common shares. The 10,000 common shares issued and outstanding have been restated using the exchange ratio established in the Acquisition agreement to arrive 16,000,000 common shares of the Company to effect the reverse takeover. A finder's fee of 1,016,667 common shares was issued to an arm's length party in connection with the transaction. Upon the RTO, Including the 1,016,667 finder shares and 5,262,275 issued and outstanding of Canfe shares for a total of 6,278,942 common shares issued and outstanding, were deemed to be issued by Fame to effect the RTO and have been accounted for as a recapitalization. (See Note 3)

Concurrent with the closing of the Transaction, the Company completed a private placement raising $1,200,000 by the issuance of eight million units at a price of $0.15 per unit. Each unit consisted of one common share and one share purchase warrant, with each full warrant entitling the holder to purchase, for a period of three years, one additional common share at a price of $0.15 per share. The warrants expire on October 21, 2013. The total finders' fees of $182,252, which includes cash of 105,666 and 628,400 warrants, fair valued at $76,586 were paid.

c) Share Purchase Warrants

A summary of warrants outstanding and exercisable as of December 31, 2010 is as followed:

Description	Number of share equivalent warrants	Exercise price	Expiry date
Warrants	8,628,400 **	$0.15	October 21, 2013

** 1,582,990 were exercised subsequent to December 31, 2010.

d) Stock Options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

5. SHARE CAPITAL…(cont'd)

A summary of stock options outstanding as at December 31, 2010 is set out below:

Number of options	Exercise price	Expiry date
220,000*	$0.10	June 16, 2013

* 40,000 were exercised subsequent to December 31, 2010.

d) Escrow shares

As at December 31, 2010, the Company has 2,025,000 common shares held in escrow. All of the common shares in escrow will be released at a rate of 15% every six months.

e) Contributed surplus

Immediately following the closing of the RTO, the amount of $927,136 due to a related party, the principal shareholder, was forgiven, and as a result, the amount has been recorded in contributed surplus as a capital contribution.

6. SUPPLEMENTAL CASH FLOW ANALYSIS

	December 31, 2010	May 31, 2010
Interest paid in cash	$ -	$ -
Income tax paid in cash	$ -	$ -
Non-cash investing and financing activities		
Fair value of finders shares issued in reverse acqusition	$ 152,500	$ -
Fair value of finders warrants issued in private placement	76,586	-

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents which is held at a Canadian financial institution. The Company believes this credit risk is insignificant.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, the Company had a cash balance of $354,947 to settle current liabilities of $16,794. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash and cash equivalents is limited because of its short-term investment nature.

(b) Foreign currency rate risk

As at December 31, 2010, the Company does not believe its overall exposure to currency risk for its obligations denominated in United States dollars is significant.

9. RELATED PARTY TRANSACTIONS

On November 1, 2010, the Company entered into a 12 month management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), whereby Baron agreed to act as corporate advisor and CFO of the Company in return for a monthly fee of $5,000. During the period, the Company recorded $10,000 in consulting fees (May 31, 2010 - $Nil).

These transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

10. FUTURE INCOME TAXES

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

		December 31, 2010		May 31, 2010
Income (Loss) before income taxes and non-controlling interest	$	(41,606)	$	(2,820)
Expected income tax recovery at 28.5%	$	(11,858)	$	(804)
Foreign tax rate differential		2,833		381
Items deducted for income tax purpose		(6,635)		-
Change in valuation allowance		15,660		423
Total income tax recovery	$	-	$	-

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

		December 31, 2010		May 31, 2010
Future income tax assets:				
Non-capital loss carryforwards	$	146,201	$	148
Share issuance costs		26,760		-
		172,961		148
Valuation allowance		(172,961)		(148)
Net future income tax assets	$	-	$	-

The Company has approximately $583,900 of non-capital losses, which may be applied to reduce taxable income in future years. If not utilized, the losses expire in 2030 as follows:

December 31, 2028	$	183,000
December 31, 2029		130,000
May 31, 2030		900
December 31, 2030		270,000
Total	$	583,900

11. SUBSEQUENT EVENTS

On April 6, 2011, the Company entered into a letter of intent with Rodolfo Rodriguez Aldaco to acquire up to a 70% undivided interest in and to certain licenses and property claims owned by Mr. Aldaco known as the Algun Dia Project located in the Leon-Guanajuato region of Mexico. Under the terms of the letter of intent, Golden Fame has the exclusive right and option to earn the 70% undivided interest in the Algun Dia Project by paying to Mr. Aldaco an aggregate of US$4,300,000, issuing to Mr. Aldaco an aggregate of 3,000,000 common shares of the Company, and funding expenditures of US$6,500,000 on the Algun Dia Project over a three year period.

See Note 5c.