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

Condensed Consolidated Interim Financial Statements

Second Quarter Ended June 30, 2011

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of Golden Fame Resources Corp. for the six months ended June 30, 2011 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 interim financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the financial statements.

The accompanying unaudited interim 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

GOLDEN FAME RESOURCES CORP.
(formerly Canfe Ventures Ltd.)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Prepared by Management)

	Notes	June 30, 2011 $	December 31, 2010 $ **Note 13**	June 24, 2009 $ **Note 13**
Assets				
Current Assets				
Cash		6,579,563	354,947	-
Receivables		65,252	37,472	-
Prepaid Expenses		197,478	102,323	-
Total Current Assets		6,842,293	494,742	1
Non-Current Assets				
Mineral Properties	4	2,113,489	1,383,046	-
Total Non-Current Assets		2,113,489	1,383,046	-
TOTAL ASSETS		8,955,782	1,877,788	1
Liabilities & Shareholders' Equity				
Current Liabilities				
Accounts Payable		135,213	16,794	-
Total Current Liabilities		135,213	16,794	-
Shareholders' Equity				
Share Capital	5	8,179,555	1,027,776	1
Reserves		1,175,721	1,003,722	-
Accumulated Other Comprehensive Loss		(966)	(966)	-
Accumulated Deficit		(529,627)	(169,234)	-
		8,824,683	1,861,298	1
Non-controlling interest		(4,114)	(304)	-
Total Shareholders' Equity		8,820,569	1,860,994	1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,955,782	1,877,788	1

Events after the reporting period (Note 14)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 23, 2011. They are signed on the Company's behalf by:

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

Lawrence Dick — Jason Birmingham

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

GOLDEN FAME RESOURCES CORP.

(formerly Canfe Ventures Ltd.)

Condensed Consolidated Interim Statements of Operation and Comprehensive Loss

(Unaudited – Prepared by Management)

	Notes	Three Months Ended June 30, 2011	Three Months Ended May 31, 2010	Six Months Ended June 30, 2011	Six Months Ended May 31, 2010
		$	**$**	**$**	**$**
Expenses					
Accounting Fees		26,060	-	26,060	-
Consulting Fees	10	84,108	-	99,108	-
Management Fees		29,665	-	29,665	-
Legal Fees		18,041	-	18,341	-
Office and Administration		18,978	78	21,668	886
Advertising and Promotion		86,536	-	117,099	-
Travel and Accomodation		9,531	-	9,981	-
Transfer Agent & Regulatory Fees		31,030	613	40,119	622
		(303,949)	(691)	(362,041)	(1,508)
Other (Income)/Expenses					
Interest Income		15	(20)	(186)	(20)
Foreign Exchange (Gain)/Loss		1,895	(3)	2,348	158
		(1,910)	23	(2,162)	(138)
Loss/(Income) before non controlling interest		(305,859)	(668)	(364,203)	(1,646)
Non-controlling interest		3,748	83	3,810	206
Net loss/(income) for the period		(302,111)	(585)	(360,393)	(1,440)
Other Comprehensive Income					
Unrealised foreign exchange translation		-	(3)	-	(47)
Comprehensive loss/(income)		(302,111)	(588)	(360,393)	(1,487)
Basic and diluted loss/(loss) per share		0.01	0.00	0.01	0.00
Weighted average number of common shares outstanding - basic and diluted		(37,420,349)	(16,000,000)	(33,981,871)	(16,000,000)

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

GOLDEN FAME RESOURCES CORP.
(formerly Canfe Ventures Ltd.)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)

	Three months ended June 30, 2011	Three months ended May 31, 2010	Six months ended June 30, 2011	Six months ended May 31, 2010
	$	**$**	**$**	**$**
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net loss for the period	(302,111)	(585)	(360,393)	(1,440)
Non-cash items				
Non-controlling interest	(3,748)	(83)	(3,810)	(212)
Foreign exchange	-	(3)	-	(40)
Changes in non-cash working capital				
Decrease/(Increase) in receivables	(47,361)	-	(27,780)	-
Decrease/(Increase) in prepaids	(119,384)	-	(95,155)	-
Increase/(Decrease) in accounts payable	119,136	(4,312)	109,668	30,723
Net cash flows used for operating activities	(353,468)	(4,983)	(377,470)	29,031
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES				
Mineral property expenditures	(380,821)	(82,041)	(391,694)	(588,569)
Net cash flows used in investing activities	(380,821)	(82,041)	(391,694)	(588,569)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES				
Issuance of common shares	7,321,912	-	7,482,514	-
Share issuance costs	(488,734)	-	(488,734)	-
Due to related parties	-	424,323	-	590,130
Net cash flows from financing activities	6,833,178	424,323	6,993,780	590,130
Increase/(Decrease) in cash	6,098,889	337,299	6,224,616	30,592
Cash, Beginning of the period	480,674	91,654	354,947	398,361
Cash, End of the period	6,579,563	428,953	6,579,563	428,953

Supplementary cash flow information (Note 7)

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

GOLDEN FAME RESOURCES CORP.
(formerly Canfe Ventures Ltd.)
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Prepared by Management)

	Common Shares								
	Number of Shares	Amount	Other Reserve	Warrant Reserve	Deficit	Accumulated Comprehensive Loss	Subtotal	Non-Controlling Interests	Total Shareholders' Equity
		$	$	$	$	$	$	$	$
Balance on December 1, 2009	16,000,000	10,028	-	-	(1,028)	(750)	8,250	1,179	9,429
Common shares issued	-	-	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(1,440)	-	(1,440)	(206)	(1,646)
Other comprehensive income	-	-	-	-	-	(41)	(41)	(6)	(47)
Balance on May 31, 2010	16,000,000	10,028	-	-	(2,468)	(791)	6,769	967	7,736
Recapitalization - Canfe and finders' shares	6,278,942	-	-	-	(126,406)	-	(126,406)	-	(126,406)
Private placement (net of issuance costs)	8,000,000	1,017,748	-	76,586	-	-	1,094,334	-	1,094,334
Forgiveness of Debt	-	-	927,136	-	-	-	927,136	-	927,136
Net loss for the period	-	-	-	-	(40,360)	-	(40,360)	(1,246)	(41,606)
Other comprehensive income	-	-	-	-		(175)	(175)	(25)	(200)
Balance on December 31, 2010	30,278,942	1,027,776	927,136	76,586	(169,234)	(966)	1,861,298	(304)	1,860,994
Private placement (net of issuance costs)	22,190,375	6,612,184	-	-	-	-	6,612,184	-	6,612,184
Shares issued for mineral property	1,000,000	330,000	-	-	-	-	330,000	-	330,000
Exercise of options	40,000	6,419	-	(2,419)	-	-	4,000	-	4,000
Exercise of warrants	2,517,290	377,594	-	-	-	-	377,594	-	377,594
Issuance of finders warrants	-	(174,418)	-	174,418	-	-	-	-	-
Net loss for the period	-	-	-	-	(360,393)	-	(360,393)	(3,810)	(364,203)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Balance on June 30, 2011	56,026,607	8,179,555	927,136	248,585	(529,627)	(966)	8,824,683	(4,114)	8,820,569

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

1. NATURE OF OPERATIONS AND CONTINUANCE 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 International Financial Reporting Standards ("IFRS"). 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. During 2010, Fame changed its year end from May 31 to December 31. As a result, these consolidated financial statements reflect the financial position, operating results and cash flows of GFA and its legal subsidiary, Fame for the six month period ended June 30, 2011.

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 Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations, and the recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The financial information is presented in Canadian Dollars (CDN$), which is the functional currency of the Company.

The head office, principal address and registered officer of the Company are located at Suite 1980, 1075 West Georgia Street, Vancouver, B.C., V6E 3C9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian Generally Accepted Accounting Policies ("CGAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company`s first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with CGAAP.

Basis of presentation

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

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 consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim 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 December 31, 2011, the Company's first annual reporting date.

The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at June 24, 2009 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from GAAP to IFRS is explained in Note 13.

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

Basis of consolidation

These condensed consolidated financial statements include the financial statements of the Company and its controlled 87.5% owned subsidiaries Fame Oriented Holdings Limited ("Fame") and Golden Fame (USA) Inc. ("GF"). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

	Country of incorporation	Principal activity
Golden Fame Resources Corp.	Canada	Holding company
Fame Oriented Holdings Limited	United States	Exploration company
Golden Fame (USA) Inc.	United States	Exploration company

The results of subsidiaries acquired or disposed of during the year are included in the condensed consolidated statements of comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Interest Income

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Foreign Currencies

The Company's reporting and functional currency is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency of the Company's two subsidiaries, Fame and GF, is the Canadian dollar as both are considered an extension of the operations of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange in effect at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financing Costs

The costs related to equity transactions are deferred until the closing of the equity transactions. These costs are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are expensed in the statement of comprehensive loss.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash. The cash and cash equivalents are mainly denominated in Canadian dollars.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. 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 claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

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.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Decommissioning and rehabilitation liabilities

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred 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.

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 June 30, 2011.

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

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.

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.

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. 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 as warrants.

Comprehensive loss

Comprehensive loss is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

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.

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

Taxation

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

(b) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit of loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial instruments – recognition and measurement

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at fair value but through profit and loss are measured at amortized cost using the effective interest rate method.

The Company has implemented the following classifications for its financial instruments:

a) Cash and trade receivables have been classified as loans and receivables.

b) Payables and accruals have been classified as financial liabilities not at fair value through profit and loss.

Impairment of financial assets

The Company assesses at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use

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

of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

De-recognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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

Contingent liabilities are not recognised in the financial statements and are disclosed in the notes to the financial statements unless their occurrence is remote. Contingent assets are not recognised in the financial statements, but are disclosed in the notes to the financial statements if their recovery is deemed probable.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Significant accounting judgments 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 financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 balance sheet 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 provision for income taxes which is included in the consolidated statements of comprehensive loss and composition and quantification of deferred income tax assets and liabilities included in the consolidated statement of financial position.

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

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

(a) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9

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

was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions.

The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

(b) IFRS 10, Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. The Company has not early adopted the standard and is currently assessing the impact it will have on the condensed consolidated financial statements.

(c) IFRS 11, Joint Arrangements

IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

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

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

(e) IFRS 13, Fair Value Measurements

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, expect in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently assessing the impact of the standards on its condensed consolidated financial statements.

The Company anticipates that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Company.

(Expressed in Canadian Dollars)

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 IFRS. 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 IFRS 3 "Business Combinations". 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)

(Expressed in Canadian Dollars)

4. MINERAL PROPERTIES

	From June 24, 2009 to May 31, 2010	Additions	December 31, 2010	Additions	June 30, 2011
Goldridge Property					
Acquisition Costs	158,100	364,336	522,436	8,517	530,953
Exploration Expenditures:					
Travel and accomodation	42,852	(1,029)	41,823	-	41,823
General administration	58,475	35,377	93,852	10,003	103,855
Legal fees	50,119	(1,293)	48,826	-	48,826
General consulting	123,677	(1,343)	122,334	-	122,334
Geological consulting	185,616	3,527	189,143	11,791	200,934
Equipment and field expenses	17,818	(460)	17,358	-	17,358
Reports and data	-	-	-	-	-
Project supervision	-	-	-	-	-
Project administration	-	-	-	-	-
Road repair	46,945	(1,211)	45,734	-	45,734
Drilling	296,351	(7,648)	288,703	-	288,703
Miscellaneous	6,127	6,710	12,837	-	12,837
Goldridge acquisition and exploration costs	986,080	396,966	1,383,046	30,311	1,413,357
Algun Dia Project					
Acquisition Costs	-	-	-	397,553	397,553
Exploration Expenditures:					
Travel and accomodation	-	-	-	3,295	3,295
General administration	-	-	-	2,199	2,199
Legal fees	-	-	-	-	-
General consulting	-	-	-	2,117	2,117
Geological consulting	-	-	-	45,408	45,408
Equipment and field expenses	-	-	-	194,869	194,869
Reports and data	-	-	-	29,158	29,158
Project supervision	-	-	-	3,976	3,976
Project administration	-	-	-	21,557	21,557
Road repair	-	-	-	-	-
Drilling	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Algun Dia acquisition and exploration costs	-	-	-	700,132	700,132
Total acquisition and exploration costs	986,080	396,966	1,383,046	730,443	2,113,489

Goldridge Property

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 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.

4. MINERAL PROPERTIES…(cont'd)

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.

The reduction in the exploration expenditures on the Goldridge Property for the period ended December 31, 2010, pertains to changes in foreign exchange rate between May 31, 2010 and October 21, 2010, the date of the RTO.

Algun Dia Project

On May 18, 2011, the Company signed an Option Agreement to acquire up to a 70% undivided interest in the Algun Dia gold project located in the Leon-Guanajuato region of Mexico and owned by Senor Rodolfo Rodriguez Aldaco ("Aldaco"). Under the terms of the Agreement, 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. Prior to signing the Letter of Intent in April 2011, the Company paid Aldaco $50,000USD. On June 30, 2011, in line with the Option Agreement the Company issued 1,000,000 to Aldaco.

5. 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.

On June 9, 2011, the Company completed a non-brokered private placement raising gross proceeds of $7,100,290, by the issuance of 22,190,375 units at a price of $0.32 per unit. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase, for a period of two years, one additional common share at a price of $0.52 per share. The warrants expire on June 9, 2013. The total finders' fees of $622,159, which includes cash of $447,740 and 1,428,400 warrants, fair valued at $174,418.

During the period, the Company issued 1,000,000 common shares to Senor Rodolfo Rodriguez Aldaco in relation to the acquisition of the Algun Dia gold project (see Note 4).

During the period, a total of 40,000 stock options were exercised at a price of $0.10 for gross proceeds of $4,000. A total of $2,419 of the original share based payment expense was reversed out of reserves and credited to the share capital account.

During the period, a total of 2,517,290 share purchase warrants were exercised at a price of $0.15 for gross proceeds of $377,594.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL…(cont'd)

c) Share Purchase Warrants

A summary of warrants outstanding and exercisable as of June 30, 2011 is as followed:

	Number of Warrants	Weighted Average Exercise Price
Balance January 1, 2010	-	
Issued	8,628,400	$ 0.15
Exercised	-	
Balance December 31, 2010	8,628,400	$ 0.15
Issued	12,523,590	$ 0.42
Exercised	(2,517,290)	$ 0.15
Balance June 30, 2011	18,634,700	$ 0.33

** 252,860 warrants were exercised subsequent to June 30, 2011.

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.

A summary of stock options outstanding as at June 30, 2011 is set out below:

	Number of Options	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life
Outstanding and exercisable as at Dec 31, 2009	537,725	$0.10	2.15
Director's Options expired during the period	(80,000)	$0.10	0
Agent's Options expired during the period	(237,725)	$0.10	0
Outstanding and exercisable as at Dec 31, 2010	220,000		2.45
Director's Options exercised during the period	(40,000)	$0.10	0
Outstanding and exercisable as at June 30, 2011	180,000		1.96

(Expressed in Canadian Dollars)

5. SHARE CAPITAL…(cont'd)

e) Escrow shares

As at June 30, 2011, the Company has 13,687,500 common shares held in escrow. All of the common shares in escrow will be released at a rate of 15% every six months.

f) Reserves

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 "Other Reserves" as a capital contribution.

6. INCOME/(LOSS) PER SHARE

The calculation of the basic and diluted loss per share for the period presented is based on the following data:

	Three months ended June 30, 2011 $	Three months ended May 31, 2010 $	Six months ended June 30, 2011 $	Six months ended May 31, 2010 $
Net Income/(Loss)	(302,111)	(585)	(360,393)	(1,440)
Weighted average number of common shares outstanding	37,420,349	16,000,000	33,981,871	16,000,000
	(0.01)	(0.00)	(0.01)	(0.00)

7. SUPPLEMENTAL CASH FLOW ANALYSIS

	Three months ended June 30, 2011	Three months ended May 31, 2010	Six months ended June 30, 2011	Six months ended May 31, 2010
Interest paid in cash	$ -	$ -	$ -	$ -
Income tax paid in cash	$ -	$ -	$ -	$ -
Non-cash investing and financing activities:				
Shares issued for mineral property	$ 330,000	$ -	$ 330,000	$ -
Finders' warrants issued in non-brokered private placement	174,718	-	174,718	-
Reversal of contributed surplus on exercise of stock options	2,419	-	2,419	-

(Expressed in Canadian Dollars)

8. 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.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Classification of Financial Instruments:

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at June 30, 2011 as follows:

	Fair Value Measurements Using					
	Quoted prices in active markets for identical instruments (Level 1) $	**Significant other observable inputs (Level 2) $**	**Significant unobservable inputs (Level 3) $**	**Balance June 30, 2011**	**Balance December 31, 2010**	**Balance June 24, 2009**
Cash and cash equivalents	$ 6,579,563	$ -	$ -	$ 6,579,563	$ 354,947	$ -
Total	$ 6,579,563	$ -	$ -	$ 6,579,563	$ 354,947	$ -

The fair values of other financial instruments, which include amounts receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT…(cont'd)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash 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 certain exploration expenditures and acquisition costs that are denominated in US dollars, and other operating expenses that are in Canadian dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollar.

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

At June 30, 2011, December 31, 2010 and June 24, 2009 the Company's US dollar denominated monetary assets and monetary liabilities are as follows:

	June 30, 2011	December 31, 2010	June 24, 2009
		$	$
Monetary Assets			
Cash and cash equivalents	88,126	$ 9,627	$ -
	$ 88,126	$ 9,627	$ -
Monetary Liabilities			
Accounts payable	(13,841)	$ (936)	$ -
	$ (13,841)	$ (936)	$ -

The following table discusses the Company's sensitivity to a 10% increase or decrease in the Canadian dollar against the US dollar denominated financial assets above. The sensitivity analysis measures the effect from recalculation of these items as at the balance sheet date by using adjusted foreign exchange rates.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT…(cont'd)

June 30, 2011	CDN appreciation by 10%	CDN depreciation by 10%
Increase (decrease) comprehensive loss	$ (7,165)	$ 7,165

December 31, 2010	CDN appreciation by 10%	CDN dereciation by 10%
Increase (decrease) comprehensive loss	$ (864)	$ 864

June 24, 2009	CDN appreciation by 10%	CDN dereciation by 10%
Increase (decrease) comprehensive loss	$ -	$ -

(d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settled financial liabilities.

Contractual maturity analysis is as follows:

	Less than 3 months	**3-12 months**	**1-5 years**	**Longer than 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
June 30, 2011					
Accounts receivable	65,252	-	-	-	65,252
Trade payables	135,213	-	-	-	135,213
December 31, 2010					
Accounts receivable	37,472	-	-	-	37,472
Trade payables	16,794	-	-	-	16,794
June 24, 2009					
Accounts receivable	-	-	-	-	-
Trade payables	-	-	-	-	-

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT …(cont'd)

(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 development activities is subject to risks associated with fluctuations in the market price of commodities.

(f) Interest Rate 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 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.

The policies to manage interest rate risk have been followed by the Company during prior periods and are considered to be effective.

10. 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. The CFO of the Company is also a Senior Manager at Baron. On June 1, 2011, the monthly advisory fee was increased from $5,000 to $15,000. During the period, the Company paid $40,000 in consulting fees to Baron (March 31, 2010 - $Nil). During the period, the Company paid $30,950 in marketing services to OnPage Media Corp., a company of which 50% is owned by a director of the Company.

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.

11. COMMITMENTS

On June 15, 2011, the Company entered into a 6 month consulting agreement with Michael Rapsch to provide investor relations services to the Company. The Company will pay Michael Rapsch a consulting fee of $4,250 per month during the term of the agreement. Both the Company and Michael Rapsch may renew the agreement at the end of the term in writing for a further 6 months.

(Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION

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

	June 30, 2011	December 31, 2010	June 24, 2009
	$	$	$
Total non-current assets:			
United States	$ 1,413,357	$ 1,383,046	$ -
Mexico	$ 700,132	$ -	$ -
	$ 2,113,489	$ 1,383,046	$ -

13. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the six months ended June 30, 2011, the comparative information for the six months ended May 31, 2010, the statement of financial position as at December 31, 2010 and the opening IFRS statement of financial position on June 24, 2009, the "Transition Date."

In preparing the opening IFRS statement of financial position including comparative information for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with GAAP.

An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS.

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

IFRS 2 *Share-based Payment* has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.

The Company has elected not to retrospectively apply the requirements for cumulative translation differences that existed at the date of transition to IFRS. Therefore, the cumulative translation differences for all foreign operations are set to zero at the date of transition of IFRS.

(Expressed in Canadian Dollars)

Reconciliation of Assets, Liabilities and Equity

		As at June 24, 2009			As at December 31, 2010		
		GAAP	Effect of transition to IFRS	IFRS	GAAP	Effect of transition to IFRS	IFRS
	Note						
Assets							
Current Assets							
Cash		-	-	-	354,947	-	354,947
Receivables		-	-	-	37,472	-	37,472
Prepaid Expenses		-	-	-	102,323	-	102,323
Due from Related Party		1	-	1	-	-	-
Total Current Assets		1	-	1	494,742	-	494,742
Non-Current Assets							
Mineral Properties		-	-	-	1,383,046	-	1,383,046
Total Non-Current Assets		-	-	-	1,383,046	-	1,383,046
TOTAL ASSETS		1	-	1	1,877,788	-	1,877,788
Liabilities & Shareholders' Equity							
Current Liabilities							
Accounts Payable		-	-	-	16,794	-	16,794
Due to Related Party		-	-	-	-	-	-
Total Current Liabilities		-	-	-	16,794	-	16,794
Shareholders' Equity							
Share Capital		1	-	1	1,027,776		1,027,776
Contributed Surplus	a	-	-	-	1,003,722	(1,003,722)	-
Reserves - Option Reserve	a	-	-	-	-	927,136	927,136
Reserves - Warrant Reserve	a	-	-	-	-	76,586	76,586
Accumulated Other Comprehensive Loss	c	-	-	-	(991)	25	(966)
Deficit	c	-	-	-	(169,513)	279	(169,234)
		1	-	1	1,860,994	304	1,861,298
Non-controlling interest	b	-	-	-	-	(304)	(304)
Total Shareholders' Equity		1	-	1	1,860,994	-	1,860,994
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1	-	1	1,877,788	-	1,877,788

(Expressed in Canadian Dollars)

Reconciliation of Loss and Comprehensive Loss

	Note	Six months ended May 31, 2010 GAAP	Effect of transition to IFRS	IFRS	Seven Months ended December 31, 2010 GAAP	Effect of transition to IFRS	IFRS
Expenses							
Accounting Fees		-	-	-	12,882	-	12,882
Consulting Fees		-	-	-	10,000	-	10,000
Legal Fees		-	-	-	-	-	-
Office and Administration		886	-	886	1,394	-	1,394
Advertising and Promotion		-	-	-	17,678	-	17,678
Travel and Accomodation		-	-	-	-	-	-
Transfer Agent & Regulatory Fees		622	-	622	1,460	-	1,460
		1,508	-	1,508	43,414	-	43,414
Other (Income)/Expenses							
Interest Income		(20)	-	(20)	(20)	-	(20)
Bank Charges and Interest		-	-	-	-	-	-
Foreign Exchange Gain		158	-	158	(1,788)		(1,788)
		138	-	138	(1,808)	-	(1,808)
Loss/(Income) before non controlling interest		1,646	-	1,646	41,606	-	41,606
Non-controlling interest	b	206	-	206	(967)	(279)	(1,246)
Net loss/(income) for the period		1,440	-	1,440	40,639	(279)	40,360
Other Comprehensive Income							
NCI - Unrealised foreign exchange translation	b	-	6	6	-	25	25
Unrealised foreign exchange translation		47	(6)	41	200	(25)	175
Comprehensive loss/(income)		1,487	-	1,487	40,839	(304)	40,535

(Expressed in Canadian Dollars)

Reconciliation of Cash Flows

		Six months ended May 31, 2010			Seven Months ended December 31, 2010		
		GAAP	Effect of transition to IFRS	IFRS	GAAP	Effect of transition to IFRS	IFRS
	Note						
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Net loss for the period	b	(1,440)	-	(1,440)	(40,639)	279	(40,360)
Non-cash items							
Non-controlling interest	b	(212)	-	(212)	(967)	(279)	(1,246)
Foreign exchange		(40)	-	(40)			
Changes in non-cash working capital							
Decrease/(Increase) in receivables		-	-	-	(16,027)	-	(16,027)
Decrease/(Increase) in prepaids		-	-	-	35,541	-	35,541
Increase/(Decrease) in accounts payable		30,723	-	30,723	(255,797)	-	(255,797)
Net cash flows used for operating activities		29,031	-	29,031	(277,889)	-	(277,889)
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES							
Mineral property expenditures		(588,569)	-	(588,569)	(423,340)	-	(423,340)
Net cash flows used in investing activities		(588,569)	-	(588,569)	(423,340)	-	(423,340)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES							
Issuance of common shares, net of issuance costs		-	-	-	1,094,693	-	1,094,693
Due to related parties		590,130	-	590,130	(411,360)	-	(411,360)
Net cash flows from financing activities		590,130	-	590,130	683,333	-	683,333
Effect of foreign exchange on cash		-	-	-	(56,110)	-	(56,110)
Increase/(Decrease) in cash		30,592	-	30,592	(74,006)	-	(74,006)
Cash, Beginning of the period		398,361	-	398,361	428,953	-	428,953
Cash, End of the period		428,953	-	428,953	354,947	-	354,947

13. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Notes to Reconciliations

(a) IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its contributed surplus account and concluded that as at December 31, 2010, the balance was made up of $76,586 related to equity settled share purchase warrants and $927,136 relating to capital contribution from a forgiveness of debt during the period, which has been classified as “Other Reserves”.

(b) IFRS requires that the portion of income/loss applicable to non-controlling interests (“NCI”) needs to be identified as a separate line item in the balance sheet. As at December 31, 2010, the NCI deficit was absorbed within share capital, therefore based on IFRS accounting principles this amount has been stripped out so as to separately identify the portion of NCI deficit applicable at December 31, 2010.

(c) In line with the exemptions provided under IFRS 1, the cumulative translation difference sitting within accumulated other comprehensive income at the transition date is deemed to be zero.

14. EVENTS AFTER THE REPORTING PERIOD

On July 20, 2011, the Company granted 2,450,000 incentive stock options to certain directors, officers and consultants. The options are exercisable on or before July 20, 2021, at an exercise price of $0.35 per share.