Financial Statements

Plato Gold Corp.

For the Years Ended December 31, 2010 and 2009

INDEX

PLATO GOLD CORP

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and other financial information for this annual report were prepared by the management of Plato Gold Corp., reviewed by the Audit Committee of the Board of Directors, and approved by the Board of Directors.

Management is responsible for the preparation of the financial statements and believes that they fairly represent the Company's financial position and the results of operations in accordance with Canadian generally accepted accounting principles. Management has included amounts in the Company's financial statements based on estimates, judgments, and policies that it believes reasonable in the circumstances.

To discharge its responsibilities for financial reporting and for the safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the assets are maintained and accounted for in accordance with its policies and that transactions are recorded accurately in the Company's books and records.

"Anthony J. Cohen"
President and CEO

"Greg K. W. Wong"
CFO

Toronto, Ontario
March 29, 2011

Collins Barrow
Chartered Accountants

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Plato Gold Corp.

We have audited the accompanying financial statements of Plato Gold Corp., which comprise the balance sheets as at December 31, 2010 and December 31, 2009 and the statements of operations and deficit and cash flows for the years then ended and 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 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2a in the consolidated financial statements which states that the Company has not yet realized profitable operations which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Plato Gold Corp. as at December 31, 2010 and December 31, 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
March 29, 2011
Toronto, Ontario

Collins Barrow
Chartered Accountants

Plato Gold Corp.

Balance Sheets as at December 31

	2010	2009
Assets		
Current Assets		
Cash	$ 680,165	$ 82,015
Other receivables	100,223	104,263
Deposits and prepaid expenses	34,433	10,000
	814,821	196,278
Mineral Properties and Deferred Exploration Costs (note 4)	4,503,781	4,698,755
Property, Plant and Equipment (note 5)	1,086	1,552
	$ 5,319,688	$ 4,896,585
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 253,159	$ 529,665
Due to related party (note 6)	110,000	85,000
	363,159	614,665
Future Tax Liability (note 11)	81,040	157,440
	444,199	772,105
Shareholders' Equity		
Share Capital (note 7)	5,398,990	4,731,411
Warrants (note 8)	823,017	518,080
Stock Options (note 9)	723,629	712,094
Contributed Surplus (note 10)	1,097,126	881,267
Deficit	(3,167,273)	(2,718,372)
	4,875,489	4,124,480
	$ 5,319,688	$ 4,896,585

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board

"Anthony J. Cohen", Director   "Robert Van Tassell", Director

Plato Gold Corp.

Statements of Operations and Deficit
For the Years Ended December 31

	2010	2009
Revenue		
Interest income	$ 811	$ 244
Expenses		
Amortization	466	665
Accretion and other charges	-	17,435
Consulting fees	130,220	119,973
Insurance	10,427	10,935
Interest and financing costs	6,938	2,722
Investor relations	28,514	11,861
Office and general	18,332	13,176
Professional fees	159,702	154,556
Publicity and advertising	13,653	4,819
Rent	24,000	24,000
Salaries and benefits	156,025	156,551
Stock-based compensation (note 9)	99,770	159,091
Transfer and filing fees	28,594	32,467
	676,641	708,251
Loss Before Under Noted Item and Income Taxes	(675,830)	(708,007)
Future Income Tax Recoveries	282,854	147,781
Write-down of Mineral Properties	(55,925)	-
Net loss for the Year	(448,901)	(560,226)
Deficit - Beginning of Year	(2,718,372)	(2,158,146)
Deficit - End of Year	$ (3,167,273)	$ (2,718,372)
Loss per Share - basic and diluted	$ (0.01)	$ (0.01)
Weighted Average Number of Common Shares Outstanding - basic and diluted	102,092,428	73,707,576

The accompanying notes form an integral part of these financial statements.

Plato Gold Corp.

Cash Flow Statements
For the Years Ended December 31

	2010	2009
Cash Flows from Operating Activities		
Net loss	$ (448,901)	$ (560,226)
Items not involving cash		
Amortization	466	665
Accretion and other charges	-	17,435
Stock-based compensation	99,770	159,091
Write-down of mineral properties	55,925	-
Future income tax recoveries	(282,854)	(147,781)
	(575,594)	(530,816)
Changes in non-cash working capital		
Other receivables	18,503	(24,666)
Deposits and prepaid expenses	(23,500)	(5,225)
Accounts payable and accrued liabilities	100,204	455,965
	(480,387)	(104,742)
Cash Flows from Financing Activities		
Proceeds from private placements	1,329,175	1,232,900
Share issuance costs	(50,080)	(122,619)
Due to related party	25,000	85,000
Repayment of note payable	-	(139,000)
	1,304,095	1,056,281
Cash Flows from Investing Activities		
Mineral properties and deferred explorations costs - net	(630,677)	(1,318,601)
Proceeds from option property payments received	150,000	-
Government rebates	255,119	396,110
	(225,558)	(922,491)
Change in cash	598,150	29,048
Cash - beginning of year	82,015	52,967
Cash - end of year	$ 680,165	$ 82,015
Non-cash financing and investing activities		
Stock options granted to agent	$ 21,321	$ 92,513
Stock options granted to directors, officers and employees	$ 99,770	$ 159,091
Shares issued for acquisition of mineral properties	$ 27,500	$ 45,000

The accompanying notes form an integral part of these financial statements.

1. Nature of Operations

Plato Gold Corp. (the "Company") is an Ontario corporation formed by amalgamation on May 30, 2005.

The Company is a public gold exploration company with three projects. The first project is the Timmins Gold Project in Northern Ontario which includes five properties (Guibord, Harker, Harker-Garrison, Holloway and Marriott) in what is sometimes referred to as the Harker/Holloway gold camp located east of Timmins. The second project, the Val d'Or Project in Northern Quebec, includes seven properties (Nordeau Bateman, Vauquelin, Vauquelin Pershing, Vauquelin Horseshoe, Pershing Denain, Hop O'My Thumb and Vauquelin II). The third project, the Lolita Project in Santa Cruz, Argentina, includes three adjoining concessions in Southern Argentina where active exploration activities are underway by other international exploration companies.

The Company is in the process of exploring its mineral properties and has not yet determined whether its properties in Ontario and Argentina contain economic mineral reserves. Consequently, at December 31, 2010 the Company considers itself to be an exploration stage company with respect to these properties. The Company considers the Val d'Or Project to be in the advanced exploration stage with a 43-101 compliant resource.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and reflect the following significant accounting policies:

a) Basis of Presentation - Going Concern

These financial statements have been prepared on a going concern basis in accordance with GAAP. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $3,167,273 as at December 31, 2010 (2009 - $2,718,372). The Company's continued existence is dependent upon its ability to raise additional capital and develop profitable operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at December 31, 2010 , the Company had current assets of $814,821 (2009 - $196,278) to cover current liabilities of $363,159 (2009 - $614,665).

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments may be necessary in the carrying value of assets and liabilities and the balance sheet classifications used. These adjustments may be material.

2. Significant Accounting Policies (continued)

b) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of operations during the reporting period. Significant estimates and assumptions include those related to the recoverability of resource properties, valuation of options and warrants and the ability to continue as a going concern. While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

c) Mineral Properties and Deferred Exploration Costs

The Company records its interests in mineral properties and deferred exploration expenditures at cost. Acquisition costs of resource properties together with direct exploration and development expenditures thereon are deferred in the accounts. When production is attained, these costs will be amortized on a units-of-production basis. If the properties are abandoned, sold or considered to be impaired in value, the costs of the properties and related deferred expenses will be written down at that time. When deferred expenditures on individual producing properties exceed the estimated net realizable value of undiscounted proven reserves, the properties are written down to the estimated fair value.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Senior management regularly reviews the carrying amount of mineral properties and deferred exploration and development costs to assess whether there has been any impairment in value.

d) Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Amortization is provided over the estimated useful lives of the assets using the declining-balance method at the following rates per annum:

Computer equipment	30%
Furniture and fixtures	30%

Additions during the year are amortized using the half year rule.

e) Flow-through Financing

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to capital stock. Related exploration expenditures have been charged to mineral properties and deferred exploration costs. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation reduce share capital.

2. Summary of Significant Accounting Policies (continued)

f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on the differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax value, using the substantively enacted tax rates expected to apply when these temporary differences are reversed. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

g) Stock-Based Compensation

The Company has one stock option plan that is described in note 9.

The Company uses the fair value method to account for stock options granted. Under the fair value method, the Company recognizes estimated compensation expense related to stock options over the vesting period of the options granted, with the related credit being allocated to stock options under shareholders' equity. Upon exercise of these stock options, amounts previously credited to stock options under shareholders' equity are reversed and credited to share capital.

h) Other Stock-Based Payments

The Company accounts for other stock-based payments based on the fair value of services granted or the equity instruments issued in exchange for the receipt of goods and services from non-employees by using the stock price and other measurement assumptions as at the measurement date, whichever is the more reliably measurable.

i) Foreign Currency Translation

The Company translates monetary assets and liabilities at the rate of exchange in effect at the balance sheet date and non monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates in the month they occur. Gains and losses on translation are recorded in loss from operations.

j) Asset Retirement Obligations

The Company is subject to the provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3110, Asset Retirement Obligations, which require the estimated fair value of any asset retirement obligations to be recognized as a liability in the period in which the related environmental disturbance occurs and the present value of the associated future costs can be reasonably estimated. As at December 31, 2010 and 2009 the company has not incurred and is not committed to any asset retirement obligations in respect of its mineral exploration properties.

2. Summary of Significant Accounting Policies (continued)

k) Impairment of Long-Lived Assets

The Company annually evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when estimated future cash flows resulting for the use of an asset and its eventual disposition is less than it carrying amount.

l) Loss Per Share

Loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants. As the Company had a loss in each of the two years presented, basic and diluted loss per share are the same, as the exercise of all options and warrants would be anti-dilutive.

m) Related Party Transactions

All transactions with related parties are in the normal course of business and are measured at the exchange amount.

n) Financial Instruments

All financial instruments are classified into one of the following five categories: held-for-trading assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in the statement of operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses, included in the statement of comprehensive income until the instruments are derecognized or impaired. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

Cash	Held-for-trading
Accounts payable and accrued liabilities	Other liabilities
Due to related party	Other liabilities

Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are capitalized on initial recognition.

2. Summary of Significant Accounting Policies (continued

n) Financial Instruments (continued)

The Company's financial instruments measured at fair value on the balance sheet consist of cash. Cash is measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly of indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

o) Comprehensive Income

The Company had no other comprehensive income or loss transactions during the years ending December 31, 2010 and 2009. Accordingly, a statement of comprehensive income has not been prepared.

3. Future Accounting Changes

International Financial Reporting Standards ("IFRS")

The CICA plans to converge Canadian Generally accepted Accounting Principles (GAAP) with IFRS over a period expected to end in 2011. The Company's transition date of January 1, 2011 will require restatement of the amounts reported by the Company for the year ended December 31, 2010 for comparative purposes. In conjunction with the transition to IFRS, the Company will need to prepare an opening balance sheet as at January 1, 2010 in accordance with IFRS.

Significant differences between IFRS and current Canadian GAAP exist in certain matters of recognition, measurement and disclosure. Adopting the new framework may have a material impact on the Company's balance sheets and statements of operation and deficit, however it is not expected to have a material impact on the cash flow statements.

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

On January 5, 2009, the AcSB released Handbook Section 1582 Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602 Non-Controlling Interest which supersedes Section 1581 Business Combinations and Section 1600, Consolidated Financial Statements. The released sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, and prospectively to business combinations for which the acquisition date is on or after January 1, 2011.

4. Mineral Properties and Deferred Exploration Costs

	December 31, 2010			
	Timmins Gold Project	Val d'Or Project	Lolita Project	Total
Acquisition costs	$ -	$ 115,400	$ -	$ 115,400
Diamond drilling	6,300	53,086	-	59,386
Geochemical	-	9,313	-	9,313
Geology	875	65,174	16,797	82,846
Other	4,025	9,563	-	13,588
Current expenditures	11,200	252,536	16,797	280,533
Less government rebates	-	(269,582) [1]	-	(269,582)
Less optioned property	(100,000)	(50,000)	-	(150,000)
Net current expenditures	(88,800)	(67,046)	16,797	(139,049)
Balance - beginning of year	1,791,201	2,831,454	76,100	4,698,755
Write-down of mineral property	-	(55,925)	-	(55,925)
Balance - end of year	$ 1,702,401	$ 2,708,483	$ 92,897	$ 4,503,781

[1] Rebate includes an amount receivable of $87,147.

4. Mineral Properties and Deferred Exploration Costs (continued)

	December 31, 2009			
	Timmins Gold Project	Val d'Or Project	Lolita Project	Total
Acquisition costs	$ -	$ 170,000	$ -	$ 170,000
Diamond drilling	244,768	404,900	-	649,668
Geochemical	10,128	23,243	7,265	40,636
Geology	58,033	212,986	20,386	291,405
Other	3,111	20,337	-	23,448
Current expenditures	316,040	831,466	27,651	1,175,157
Less government rebates	-	(122,382) [1]	-	(122,382)
Net current expenditures	316,040	709,084	27,651	1,052,775
Balance - beginning of year	1,475,161	2,122,370	48,449	3,645,980
Balance - end of year	$ 1,791,201	$ 2,831,454	$ 76,100	$ 4,698,755

[1] Rebate includes an amount receivable of $72,684.

a) Timmins Gold Project

The Timmins Gold Project is comprised of five properties along the Destor-Porcupine Fault Zone located east of Timmins. The properties are comprised of 4 leases and 117 claims for a total of 2,416 hectares in the region. Four properties are subject to a 2% net smelter royalty to a former director of the Company. The other property is subject to a 2% net metal royalty to the former owner.

i) St Andrew Option

On November 8, 2010, the Company entered into an agreement granting St Andrew Goldfields Ltd. ("St Andrew") the option to earn a 75% interest in Plato's Timmins Gold Project consisting of four properties located in the Townships of Guibord, Harker, Holloway, and Marriott.

Plato received an initial payment of $100,000 upon the execution of the option agreement.

With respect to the Holloway Property, to earn its 75% interest St Andrew will be required to incur exploration expenditures of $100,000 on or before the first anniversary, $200,000 on or before the second anniversary, and $500,000 on or before the third anniversary of the effective date. As well, St Andrew will be required to make additional payments to Plato of $20,000 on or before the first anniversary, $40,000 on or before the second anniversary, and $60,000 on or before the third anniversary of the effective date.

4. Mineral Properties and Deferred Exploration Costs (continued)

a) Timmins Gold Project (continued)

i) St Andrew Option (continued)

With respect to the Guibord Property, to earn its 75% interest St Andrew will be required to incur exploration expenditures of $100,000 on or before the first anniversary, $200,000 on or before the second anniversary, and $500,000 on or before the third anniversary of the effective date. As well, St Andrew will be required to make additional payments to Plato of $60,000 on or before the second anniversary, and $60,000 on or before the third anniversary of the effective date.

With respect to the Harker Property, to earn its 75% interest St Andrew will be required to incur exploration expenditures of $50,000 on or before the first anniversary, and $250,000 on or before the second anniversary of the effective date. As well, St Andrew will be required to make additional payments to Plato of $50,000 on or before the second anniversary of the effective date.

With respect to the Marriott Property, to earn its 75% interest St Andrew will be required to incur exploration expenditures of $100,000 on or before the third anniversary, and $200,000 on or before the fourth anniversary of the effective date. As well, St Andrew will be required to make additional payments to Plato of $20,000 on or before the third anniversary, and $30,000 on or before the fourth anniversary of the effective date.

In addition, if a National Instrument 43-101 compliant mineral resource, whether measured, indicated or inferred, of not less than 500,000 ounces of gold is discovered on any one of the four properties while St Andrew is earning its interest, St Andrew will make a payment of $1 million to Plato for each property reaching such milestones. The additional payment obligation shall apply to each property independently of the other properties for a potential of up to $4 million in milestone payments. The option in respect of each property may be exercised or terminated separately by St Andrew.

b) Val d'Or Project

The Val d'Or Project is comprised of seven properties located south east of Val d'Or, Quebec. The properties consist of 278 claims for a total of 4,484 hectares. Two properties with 82 claims are subject to a 2% net metal royalty. Another property with 2 claims is subject to a 2% net smelter royalty.

i) Globex Option

As of December 31, 2010, the Company has made cash payments totalling $575,000, with the remaining $100,000 due by December 31, 2011, for a total cash payment of $675,000.

As of December 31, 2010 and 2009, the Company has incurred exploration expenditures, in accordance with the terms of the agreement, of $3,194,948 with $1,500,000 due April 30, 2011 and $1,500,000 due December 31, 2011, for total exploration expenditures of $6,000,000.

4. Mineral Properties and Deferred Exploration Costs (continued)

b) Val d'Or Project (continued)

As of December 31, 2010, the Company has issued 2,500,000 shares to Globex, with 500,000 shares due by December 31, 2011, for a total of 3,000,000 common shares. The bankable feasibility study is due by December 31, 2012.

On August 8, 2006, the Company entered into an option agreement with Globex Mining Enterprises Inc. ("Globex") to acquire a 100% interest in mineral claims known as the Nordeau East and Nordeau West Property in Vauquelin Township, Quebec, and a 60% interest in certain contiguous mineral claims known as the Bateman Claims in Vauquelin Township, Quebec ("Nordeau Bateman Properties").

As part of the original agreement, in order to acquire the interests in the Nordeau Bateman Properties, the Company agreed to pay Globex cash payments totalling $500,000 by December 31, 2007, of which $100,000 was paid on the effective date in 2006, $100,000 due by December 31, 2006 and $300,000 due by December 31, 2007. As well, the Company issued 1,000,000 common shares to Globex at a deemed price of $0.16 per share on the effective date in 2006. Furthermore, the Company must incur exploration expenditures of $6,000,000 by December 31, 2008, of which $1,000,000 is due by December 31, 2006, $2,000,000 due by December 31, 2007 and $3,000,000 due by December 31, 2008. A bankable feasibility study is to be completed by December 31, 2009. Globex would retain a 2% net metal royalty on all mineral productions as well as a 10% Net Profit Interest after the Company has first recouped out of the Net Profits from operations $5,000,000 of all monies expended for preproduction costs and/or operating costs.

On December 12, 2006, the Company amended the agreement so that the exploration expenditures of $1,000,000 due December 31, 2006 is due March 31, 2007.

On November 2, 2007, the Company amended the agreement so that a cash payment of $300,000 due December 31, 2007 is staged with $25,000 due December 31, 2007, $25,000 due March 31, 2008 and $250,000 due June 30, 2008. As well, exploration expenditures of $2,000,000 due December 31, 2007 is staged with $300,000 due March 31, 2008 and $1,700,000 due December 31, 2008.

On April 22, 2008, the Company amended the agreement so that the cash payment of $250,000 due June 30, 2008 is staged with $125,000 due December 31, 2008 and $125,000 due December 31, 2009. In addition, further cash payments of $75,000 will be due by December 31, 2010 and $100,000 by December 31, 2011. As well, the remaining exploration expenditures of $1,700,000 due December 31, 2008, as per the November 2, 2007 amendment, has now been changed to $700,000 due by December 31, 2008, $1,000,000 due by December 31, 2009, $1,500,000 due by December 31, 2010 and $1,500,000 due by December 31, 2011. As further compensation, the Company agreed to issue an additional 500,000 shares by December 31, 2008, 500,000 shares by December 31, 2009, 500,000 shares by December 31, 2010 and 500,000 shares by December 31, 2011. The bankable feasibility study has been extended to December 31, 2012.

On January 28, 2009, Globex transferred a 2% interest in the 44 claims of the Nordeau Bateman Properties to the Company.

4. Mineral Properties and Deferred Exploration Costs (continued)

b) Val d'Or Project (continued)

i) Globex Option (continued)

On September 27, 2010 the parties agreed to extend the funding of expenditures of $1,500,000 due by December 31, 2010 to April 30, 2011, representing a cumulative total of $4,500,000. All other terms of the agreement remain unchanged.

ii) Manseau Option

On January 31, 2008, the Company entered into an option agreement to acquire a 100% interest in 19 claims in Cadillac and Bousquet Townships, Quebec, known as Once Upon a Time. The Company issued 125,000 shares and paid $10,000 as an initial payment and is obligated to issue an additional 225,000 shares, pay $15,000 and spend $1,000,000 on the project by January 31, 2011. Upon receipt of the annual Quebec Government rebate, the Company will pay in staged amounts a total of $135,000 representing 13.5% of the exploration expenditures to January 31, 2011. The agreement provides for a 2% Net Smelter Royalty which the Company can purchase for $1,000,000 prior to production and $2,000,000 after production.

On December 1, 2008, both parties mutually agreed to extend all the terms within the original option agreement by one year. As a result, the next obligation dates for the expenditures on exploration work, the issuance of common shares, payments, and the further payment due upon receipt of the annual Quebec Government rebate, became due on January 31, 2010.

On January 29, 2010, the parties agreed to a four month extension to the January 31, 2010 due date. As a result, expenditures on exploration requirements consist of $200,000 by May 31, 2010, $300,000 by January 31, 2011 and $500,000 by January 31, 2012, for a total of $1,000,000 in exploration expenditures.

Payments and common shares consists of $5,000 and 100,000 shares due May 31, 2010, $5,000 and 75,000 shares due January 31, 2011 and $5,000 and 50,000 shares due January 31, 2012, for a total of $25,000 and 350,000 shares, of which $10,000 and 125,000 shares were paid initially in 2008.

4. Mineral Properties and Deferred Exploration Costs (continued)

b) Val d'Or Project (continued)

ii) Manseau Option (continued)

Further payment due is based on receipt of the annual Quebec Government rebate for completed exploration work on the said property. The Company is to pay in staged amounts a total of $135,000 representing 13.5% of the $1,000,000 completed exploration expenditures on January 31, 2012.

On May 31, 2010, the Company allowed the Manseau Option to expire.

iii) Threegold Option

On November 15, 2010, the Company executed an agreement granting Threegold Resources Inc. the option to earn a 75% interest in Plato's Vauquelin Properties consisting of two properties, known as the Hop O'My Thumb Property with 36 claims and the Vauquelin Property with 17 claims, located in the Townships of Vauquelin in the Province of Quebec.

The Company received an initial payment of $50,000 upon the execution of the option agreement.

With respect to the two Properties, to earn its 75% interest Threegold will be required to incur exploration expenditures of $500,000 on or before the second anniversary of the effective date on the two properties. As well, Threegold will be required to make additional payments to Plato of $50,000 each on or before the first, second, third, and fourth anniversary of the effective date of the agreement.

In addition, to earn the 75% interest, Threegold must complete and file within six months after the fourth anniversary of the effective date a National Instrument 43-101 compliant mineral resource reports with measured or indicated resource on each of the Properties. Plato will retain a 2% NSR upon the exercise of the option.

iv) Company owned claims by acquisition or staking

As at December 31, 2010, the Company's acquired or staked claims consist of six properties known as Vauquelin, Vauquelin Pershing, Vauquelin Horseshoe, Pershing Denain (with 38 claims subject to a 2% net metal royalty), Hop O'My Thumb (with 2 claims subject to a 2% net smelter royalty), and Vauquelin II, which are located in Vauquelin Township. Collectively these six properties consist of 234 claims totalling 3,823 hectares.

4. Mineral Properties and Deferred Exploration Costs (continued)

c) Lolita Project

On August 27, 2007, the Company entered into an agreement to acquire a 75% interest in 29,904 hectares known as the Lolita Property in Argentina. The Company is required to incur US$50,000 in initial expenditures before June 19, 2009. On June 16, 2009 the parties extended this requirement to December 31, 2009. As of December 31, 2009 the initial expenditures of US$50,000 (CDN$50,094) had been met in accordance with the agreement.

Upon completion of the initial expenditures, a Joint Work Program for up to US$500,000 will be jointly developed and be financed 75% by the Company and 25% by the other party. The other party is obliged to fund 25% of the Joint Work Program or have its interest diluted on a pro-rata basis to a carried interest of 2%. The other party will retain a 2% net smelter royalty, which can be bought back by the Company for US$500,000.

Current expenditures are being funded by both parties in accordance with the agreement and the parties are continuing to develop the Joint Work Program.

5. Property, Plant and Equipment

	2010			2009		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer equipment	$ 2,879	$ 2,544	$ 335	$ 2,879	$ 2,400	$ 479
Furniture and fixtures	5,256	4,505	751	5,256	4,183	1,073
	$ 8,135	$ 7,049	$ 1,086	$ 8,135	$ 6,583	$ 1,552

6. Due to Related Party

	2010	2009
Related Company	$ 110,000	$ 85,000

Amounts due to related parties are non-interest bearing, unsecured and due on demand. The Company and the related company have a director in common. This director is also a shareholder and officer of both companies.

7. Share Capital

a) Authorized:

Unlimited common shares
Unlimited preferred shares

b) Common Shares Issued and Outstanding:

	Number	Amount
Balance - December 31, 2008	64,805,116	$ 4,291,691
Issued for:		
Private placements	29,620,001	605,998
Mineral property acquisition	750,000	45,000
Tax effect of renunciation of flow-through shares	-	(211,278)
Balance - December 31, 2009	95,175,117	4,731,411
Issued for:		
Private placements	22,516,538	846,533
Mineral property acquisition	500,000	27,500
Tax effect of renunciation of flow-through shares	-	(206,454)
Balance - December 31, 2010	118,191,655	$ 5,398,990

c) 2010 Shares Issued

During the year ended December 31, 2010, the Company:

i) Issued 3,400,000 flow-through units and 1,000,000 non flow-through units for cash proceeds of $220,000 pursuant to a private placement. Each flow-through unit consists of one flow-through share and one common share purchase warrant. Each non flow-unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until March 19, 2012, at which time the warrants expire.

The relative fair value of the warrants were estimated at $109,120 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

Expected dividend yield	Nil
Risk-free interest rate	1.64%
Expected life	2.0 years
Expected volatility	287%

In conjunction with the financing, share issuance costs of $31,924 were paid of which, $23,912 was charged to warrants. Compensation options were issued to acquire a total of 340,000 units exercisable at $0.05 per unit until March 19, 2012. The fair value of the options were estimated at $16,286.

7. Share Capital (continued)

c) 2010 Shares Issued (continued)

ii) Issued 3,400,000 flow-through units and 200,000 non flow-through units for cash proceeds of $180,000 pursuant to a private placement. Each flow-through unit consists of one flow-through share and one common share purchase warrant. Each non flow-unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until April 6, 2012, at which time the warrants expire

The relative fair value of the warrants were estimated at $87,300 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

Expected dividend yield	Nil
Risk-free interest rate	1.85%
Expected life	2.0 years
Expected volatility	288%

In conjunction with the financing, share issuance costs of $11,705 were paid of which, $8,119 was charged to warrants. Compensation options were issued to acquire a total of 105,000 units exercisable at $0.05 per unit until April 6, 2012. The fair value of the options were estimated at $5,035.

iii) Issued 5,000,000 flow-through units for cash proceeds of $325,000 pursuant to a private placement. Each flow-through unit consists of one flow-through share and 1/2 common share purchase warrant. Each full common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until May 26 2012, at which time the warrants expire.

The relative fair value of the warrants were estimated at $79,950 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

Expected dividend yield	Nil
Risk-free interest rate	1.67%
Expected life	1.5 years
Expected volatility	186%

In conjunction with the financing, share issuance costs of $1,779 were paid of which, $438 was charged to warrants.

iv) Issued 3,158,846 flow-through units for cash proceeds of $205,325 pursuant to a private placement. Each flow-through unit consists of one flow-through share and 1/2 common share purchase warrant. Each full common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until June 15, 2012, at which time the warrants expire.

7. Share Capital (continued)

c) 2010 Shares Issued (continued)

The relative fair value of the warrants were estimated at $48,251 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

Expected dividend yield	Nil
Risk-free interest rate	1.72%
Expected life	1.5 years
Expected volatility	175%

In conjunction with the financing, share issuance costs of $2,336 were paid of which, $549 was charged to warrants.

v) Issued 5,397,692 flow-through units for cash proceeds of $350,850 pursuant to a private placement. Each flow-through unit consists of one flow-through share and 1/2 common share purchase warrant. Each full common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until June 21, 2012, at which time the warrants expire.

The relative fair value of the warrants were estimated at $97,536 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

Expected dividend yield	Nil
Risk-free interest rate	1.62%
Expected life	1.5 years
Expected volatility	175%

In conjunction with the financing, share issuance costs of $2,966 were paid of which, $650 was charged to warrants.

vi) Issued 960,000 non flow-through units for cash proceeds of $48,000 pursuant to a private placement. Each non flow-through unit consists of one flow-through share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until December 21, 2012, at which time the warrants expire.

The relative fair value of the warrants were estimated at $22,752 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

7. **Share Capital** (continued)

c) **2010 Shares Issued** (continued)

Expected dividend yield	Nil
Risk-free interest rate	1.62%
Expected life	2.0 years
Expected volatility	250%

vii) Issued 500,000 common shares with a fair value of $27,500 pursuant to an option agreement.

viii) Renounced Canadian exploration expenditures of $809,622 to the investors who had subscribed for the Company's flow-through shares in 2009 ("the renunciation"), resulting in a taxable temporary difference between the tax value and the carrying value of the Company's resource expenditures and creating a future income tax liability and a reduction to share capital of $206,454.

d) **2009 Shares Issued**

During the year ended December 31, 2009, the Company:

i) Issued 3,333,333 common shares for a cash consideration of $100,000 pursuant to a private placement. In conjunction with the financing, share issuance costs of $1,447 were paid.

ii) Issued 3,333,333 common shares for a cash consideration of $100,000 pursuant to a private placement.

iii) Issued 250,000 common shares with a fair value of $10,000 for property.

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iv) Issued 8,111,110 flow-through units for cash proceeds of $365,000 pursuant to a private placement.

Each flow-through unit consists of one flow-through common share and one non flow-through common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until September 25, 2011 at which time the warrants expire.

The relative fair value of the warrants were estimated at $169,214 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

Expected dividend yield	Nil
Risk-free interest rate	1.27%
Expected life	2.0 years
Expected volatility	241% to 298%

In conjunction with the financing, share issuance costs of $43,330 were paid. Compensation options were issued to acquire a total of 811,111 units exercisable at $0.045 per unit until September 25, 2011. The fair value of the options were estimated at $23,844.

7. Share Capital (continued)

d) 2009 Shares Issued (continued)

v) Issued 1,609,446 flow-through units and 4,666,668 non flow-through units for cash proceeds of $282,425 pursuant to a private placement.

Each flow through unit consists of one flow-through common share and one non flow-through common share purchase warrant. Each non flow-through unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until October 8, 2011 at which time the warrants expire.

The relative fair value of the warrants were estimated at $137,541 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

Expected dividend yield	Nil
Risk-free interest rate	1.50%
Expected life	2.0 years
Expected volatility	297%

In conjunction with the financing, share issuance costs of $33,528 were paid. Compensation options were issued to acquire a total of 444,444 units exercisable at $0.045 per unit until October 8, 2011. The fair value of the options were estimated at $21,486.

vi) Issued 8,311,111 flow-through units and 255,000 non flow-through units for cash proceeds of $385,475 pursuant to a private placement.

Each flow-through unit consists of one flow-through common share and one non flow-through common share purchase warrant. Each non flow-through unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 per common share until October 20, 2011 at which time the warrants expire.

The relative fair value of the warrants were estimated at $191,581 and this amount has been allocated to the warrant component of the units. The fair value of the warrants and options were estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions

Expected dividend yield	Nil
Risk-free interest rate	1.50%
Expected life	2.0 years
Expected volatility	297%

7. Share Capital (continued)

d) 2009 Shares Issued (continued)

In conjunction with the financing, share issuance costs of $45,761 were paid. Compensation options were issued to acquire a total of 811,111 units exercisable at $0.045 per unit until October 20, 2011. The fair value of the options were estimated at $47,183.

vii) Issued 500,000 common shares with a fair value of $35,000 pursuant to an option agreement.

viii) Renounced Canadian exploration expenditures of $728,544 to the investors who had subscribed for the Company's flow-through shares in 2008 ("the renunciation"), resulting in a taxable temporary difference between the tax value and the carrying value of the Company's resource expenditures and creating a future income tax liability and a reduction to share capital of $211,278.

8. Warrants

	Number	Amount	Weighted Average Exercise Price
Balance - December 31, 2008	26,371,097	$ 523,929	$ 0.23
Issued	22,953,335	411,770	0.10
Expired	(15,734,541)	(417,619)	(0.30)
Balance - December 31, 2009	33,589,891	518,080	0.11
Issued	15,738,269	411,241	0.10
Expired	(10,636,556)	(106,304)	(0.12)
Balance - December 31, 2010	38,691,604	$ 823,017	$ 0.10

As at December 31, 2010, the following common share purchase warrants ("warrants") were issued and outstanding:

Number	Exercise Price	Expiry
8,111,110	$ 0.10	September 25, 2011
6,276,114	0.10	October 8, 2011
8,566,111	0.10	October 20, 2011
4,400,000	0.10	March 19, 2012
3,600,000	0.10	April 6, 2012
2,500,000	0.10	May 26, 2012
1,579,423	0.10	June 15, 2012
2,698,846	0.10	June 21, 2012
960,000	0.10	December 21, 2012

9. Stock Options

a) The Board of Directors has adopted a stock option plan for the Company (the "Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding shares at the time of granting the options. Options shall expire no later than ten years after the date of grant.

The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the shares are listed.

b) A summary of changes to stock options is as follows:

	Number	Amount	Weighted Average Exercise Price
Balance - December 31, 2008	6,356,235	$ 542,927	$ 0.122
Granted/vested	3,205,000	159,091	0.100
Agents' compensation options granted	2,066,666	92,513	0.045
Expired	(893,635)	(78,497)	(0.083)
Forfeited	(250,000)	(3,940)	(0.022)
Balance - December 31, 2009	10,484,266	712,094	0.102
Granted/vested	2,175,000	99,769	0.100
Agents' compensation options granted	445,000	21,321	0.050
Expired	(1,012,600)	(109,555)	(0.159)
Balance - December 31, 2010	12,091,666	$ 723,629	$ 0.095

c) During the year ended December 31, 2010, the Company:

i) Granted 1,575,000 stock options to directors, officers, employees and consultants on April 20, 2010. Each option entitles the holder to purchase one share of the Company's common stock at a price of $0.10 per share until April 20, 2020. The options vested upon grant. The estimated fair value of $77,884 has been included in stock based compensation.

The fair value of stock options to the consultant was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.70%
Expected life	10.0 years
Expected volatility	136%

9. Stock Options (continued)

ii) Granted 300,000 stock options to a consultant on April 20, 2010. Each option entitles the holder to purchase one share of the Company's common stock at a price of $0.10 per share until April 20, 2012. 75,000 options vested upon grant, and 75,000 vested on October 20, 2010, 75,000 options vest on April 20, 2011 and the remaining 75,000 vest on October 20, 2011. The estimated fair value of the options is $14,835. As at December 31, 2010, the fair value of the vested options of $7,418 has been included in stock based compensation.

The fair value of stock options to the consultant was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.67%
Expected life	2.0 years
Expected volatility	113%

iii) Granted 300,000 stock options to a director on November 7, 2010. Each option entitles the holder to purchase one share of the Company's common stock at a price of $0.10 per share until November 7, 2020. The options vested upon grant. The estimated fair value of the options of $14,468 has been included in stock based compensation.

The fair value of stock options to the director was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.22%
Expected life	10.0 years
Expected volatility	138%

d) During the year ended December 31, 2009, the Company:

i) Granted 1,575,000 stock options to directors, officers, employees and consultants on April 23, 2009. Each option entitles the holder to purchase one share of the Company's common stock at a price of $0.10 per share until April 23, 2014. Option vested upon grant. The estimated fair value of $46,132 has been included in stock based compensation.

The fair value of stock options to the consultant was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	2.01%
Expected life	5.0 years
Expected volatility	220%

ii) Granted 1,630,000 stock options to directors, officers, employees and consultants on December 4, 2009. Each option entitles the holder to purchase one share of the Company's common stock at a price of $0.10 per share until December 4, 2019. Option vested upon grant. The estimated fair value of $112,959, has been included in stock based compensation.

9. Stock Options (continued)

The fair value of stock options to the consultant was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.32%
Expected life	10.0 years
Expected volatility	134%

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

e) As at December 31, 2010, the following options under the Plan were outstanding:

	Number of Options		
Exercise Price	Unvested	Vested	Expiry Date
$ 0.175	-	900,000	April 5, 2011
$ 0.105	-	1,800,000	November 16, 2011
$ 0.100	150,000	150,000	April 20, 2012
$ 0.100	-	1,150,000	December 18, 2012
$ 0.100	-	350,000	March 28, 2013
$ 0.100	-	1,575,000	April 23, 2014
$ 0.100	-	1,630,000	December 4, 2019
$ 0.100	-	1,575,000	April 20, 2020
$ 0.100	-	300,000	November 7, 2020
	150,000	9,430,000	

e) As at December 31, 2010, the following Agents' Options to acquire units were outstanding:

	Number of Options		
Exercise Price	Unvested	Vested	Expiry Date
$ 0.045	-	811,111	September 25, 2011
$ 0.045	-	444,444	October 8, 2011
$ 0.045	-	811,111	October 20, 2011
$ 0.050	-	340,000	March 19, 2012
$ 0.050	-	105,000	April 6, 2012
	-	2,511,666	

10. Contributed Surplus

	2010	2009
Balance - beginning of year	$ 881,267	$ 381,211
Expiry of warrants	106,304	417,619
Expiry of options	109,555	78,497
Forfeiture of options	-	3,940
Balance - end of year	$ 1,097,126	$ 881,267

11. Income Taxes

a) Income tax recovery attributable to the loss differs from the amounts computed by applying the combined federal and provincial tax rates of 31% (2009 - 33%) to the pretax loss as a result of the following:

	2010	2009
Loss for the year before income taxes	$ (731,755)	$ (708,007)
Income tax recovery computed as statutory rates	(226,844)	(219,482)
Permanent differences		
Stock-based compensation	30,929	49,318
Differences in tax rates	(12,387)	(14,571)
Other	(74,552)	36,954
	$ (282,854)	$ (147,781)

b) The income tax effects of temporary differences that give rise to significant portions of the future income tax assets and future income tax liabilities as at December 31, 2010 and 2009 are presented below:

	2010	2009
Future income tax assets (liabilities):		
Canadian exploration and development expenses	$ (830,030)	$ (842,673)
Non-capital loss carryforwards	689,690	603,619
Share issuance costs	57,600	80,688
Property, plant and equipment	1,700	926
Net future income tax liability	$ (81,040)	$ (157,440)

As at December 31, 2010 there was a future tax liability of $(81,040) (2009 - $(157,440)). The tax effect of resource expenditures renounced to shareholders in 2010 of $206,454 (2009 - $211,278) has been deducted from share capital. A difference in the amount of $282,854 (2009 - $147,781) between the tax effect of resource expenditures renounced and future tax liability has been recognized in the income statement as a reversal of a prior year valuation allowance.

11. Income Taxes (continued)

c) As at December 31, 2010, the Company had non-capital loss carryforwards of approximately $2,758,000 which are available to reduce taxable income of future years and expire as follows:

2014	81,000
2015	393,000
2026	590,000
2027	700,000
2028	346,000
2029	648,000
	$ 2,758,000

The benefit of these losses has been recognized in these financial statements to offset the future income tax liability arising as a result of renunciation of resource expenditures.

12. Related Party Transactions

During the year ended December 31, 2010 the Company:

a) incurred rent of $24,000 (2009 - $24,000) with a related company. The Company and the related company have an officer in common. This officer is also a director and shareholder of both companies.

b) incurred consulting fees of $81,648 (2009 - $81,648) with one of the Company's officers. As at December 31, 2010, accounts payable and accrued liabilities included $5,302 payable (2009 - $6,804).

c) incurred consulting fees of $5,670 (2009 - $5,670) with one of the Company's directors.

d) incurred accounting fees of $92,063 (2009 - $78,361) with an accounting firm in which one of the Company's officers is a partner. As at December 31, 2010, accounts payable and accrued liabilities included $69,621 (2009 - $35,624) payable to this accounting firm.

e) incurred directors fees of $21,600 (2009 - $21,600). As at December 31, 2010, accounts payable and accrued liabilities included $59,800 (2009 - $38,200).

f) received net advances of $25,000 (2009 - $85,000) from a related corporation. The Company and the related corporation have a director in common. This director is also a shareholder and officer of both corporations. As at December 31, 2010, the amount due to the related corporation was $110,000 (2009 - $85,000).

13. Financial Instruments

a) Fair Value

The carrying value of cash is measured at fair value as it is classified as held for trading. Accounts payable and accrued liabilities, and due to related party are classified as other financial liabilities, which are measured at amortized cost. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

b) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2010, the Company had a cash balance of $680,165 (2009 - $82,015) to settle current liabilities of $363,159 (2009 - $614,665). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company has no income and relies on equity financing to support its exploration program. Additional financing is required to fund the related operating expenses required to manage the Company through fiscal 2011. Management prepares budgets and ensures funds are available prior to commencement of any exploration program.

c) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk relates to cash and other receivables. Cash is held with a reputable financial institution and is closely monitored by management.

14. Capital Disclosures

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan. At December 31, 2010, the Company's capital consists of equity in the amount of $4,875,489 (2009 - $4,124,480).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company raised flow through share financing during 2010 in the normal course and renounced all of its exploration expenditures. At December 31, 2010, the Company is obligated to spend $901,000 before December 31, 2011.

14. Capital Disclosures (continued)

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 does not have any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended December 31, 2010.

15. Subsequent Events

Subsequent to December 31, 2010, the Company issued 5,000,000 units for gross proceeds of $250,000 pursuant to a private placement. Each unit is comprised of one common share and one common share purchase warrant. Each warrant shall entitle its holder to acquire one common share at an exercise price of $0.10 per share until February 15, 2012.

In conjunction with the financing, compensation options were issued to acquire a total of 250,000 common shares, at an exercise price of $0.10 per share until February 15, 2012.