GUYANA PRECIOUS METALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED

MARCH 31, 2011

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Management's Responsibility for Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Guyana Precious Metals Inc. (the "Company" or "Guyana") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) *"J. Patrick Sheridan"*
J. Patrick Sheridan
Chief Executive Officer and President

(signed) *"Carmelo Marrelli"*
Carmelo Marrelli
Chief Financial Officer

Toronto, Canada
June 8, 2011

Notice to Reader

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2011 and March 31, 2010 have not been reviewed by the Company's auditors.

GUYANA PRECIOUS METALS INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		As at March 31, 2011		**As at December 31, 2010** (note 20)		**As at January 1, 2010** (note 20)
ASSETS						
Current assets						
Cash and cash equivalents (note 7)	**$**	**9,289,749**	$	9,550,084	$	2,872,044
Financial assets at fair value through profit or loss (note 8)		**526,200**		552,700		160,000
Accounts receivable and other assets (note 9)		**40,138**		58,240		68,697
Total current assets		**9,856,087**		10,161,024		3,100,741
Non-current assets						
Property and equipment (note 10)		**27,238**		29,447		42,066
Total assets	**$**	**9,883,325**	$	10,190,471	$	3,142,807
LIABILITIES AND EQUITY						
Current liabilities						
Amounts payable and other liabilities (note 11)	**$**	**627,650**	$	653,721	$	447,991
Capital and reserves						
Share capital (note 12)		**22,361,905**		22,361,905		18,288,328
Reserves		**9,385,050**		9,006,453		6,064,610
Deficit		**(22,491,280)**		(21,831,608)		(21,658,122)
Total capital and reserves		**9,255,675**		9,536,750		2,694,816
Total liabilities and equity	**$**	**9,883,325**	$	10,190,471	$	3,142,807

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

Contingencies and commitments (note 19)
Subsequent events (note 21)

Approved on behalf of the Board:

(Signed) "J. Patrick Sheridan" , Director

(Signed) "Alan Ferry" , Director

GUYANA PRECIOUS METALS INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010 (note 20)
Operating expenses		
General and administrative (note 16)	**$ 506,603**	$ 110,265
Foreign exchange loss	**119,303**	4,106
Mineral exploration property - holding costs and royalties	**25,000**	25,000
Amortization	**2,209**	3,155
Operating loss before the following items	**(653,115)**	(142,526)
Interest and other income	**19,943**	56
Unrealized loss on financial assets at fair value through profit or loss	**(26,500)**	(15,000)
Net loss and comprehensive loss for the period	**(659,672)**	(157,470)
Basic and diluted net loss per share (note 14)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding	**174,295,690**	104,295,690

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

GUYANA PRECIOUS METALS INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010 (note 20)
Operating activities		
Net (loss) for the period	**$ (659,672)**	$ (157,470)
Adjustments for:		
Amortization	**2,209**	3,155
Unrealized foreign exchange loss	**116,687**	-
Unrealized loss on financial assets at fair value through profit or loss	**26,500**	15,000
Share based payments (note 13)	**378,597**	34,152
Non-cash working capital items:		
Accounts receivable and other assets	**18,102**	43,379
Amounts payable and other liabilities	**(26,071)**	91,101
Net cash (used in) provided by operating activities	**(143,648)**	29,317
Net change in cash and cash equivalents	**(143,648)**	29,317
Cash and cash equivalents, beginning of period	**9,550,084**	2,872,044
Effect of foreign exchange rate fluctuation on cash held	**(116,687)**	-
Cash and cash equivalents, end of period	**$ 9,289,749**	$ 2,901,361

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

GUYANA PRECIOUS METALS INC.
Condensed Consolidated Interim Statements of Equity
(Expressed in Canadian Dollars)
(Unaudited)

		Reserves			
	Share capital	Equity settled share-based payments reserve	Warrant reserve	Deficit	Total
Balance, January 1, 2010	**$ 18,288,328**	**$ 2,525,674**	**$ 3,538,936**	**$ (21,658,122)**	**$ 2,694,816**
Share based payments	-	34,152	-	-	34,152
Loss and comprehensive loss for the period	-	-	-	(157,470)	(157,470)
Balance, March 31, 2010	**18,288,328**	**2,559,826**	**3,538,936**	**(21,815,592)**	**2,571,498**
Issue of securities, net of transaction costs	4,073,577	-	2,868,987	-	6,942,564
Share based payments	-	38,704	-	-	38,704
Loss and comprehensive loss for the period	-	-	-	(16,016)	(16,016)
Balance, December 31, 2010	**22,361,905**	**2,598,530**	**6,407,923**	**(21,831,608)**	**9,536,750**
Share based payments (note 13)	-	378,597	-	-	378,597
Loss and comprehensive loss for the period	-	-	-	(659,672)	(659,672)
Balance, March 31, 2011	**$ 22,361,905**	**$ 2,977,127**	**$ 6,407,923**	**$ (22,491,280)**	**$ 9,255,675**

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

1. Nature of operations and going concern

Guyana Precious Metals Inc. (the "Company" or "Guyana") was incorporated under the Alberta Business Corporation Act on March 16, 1994 under the name of Minera Sierra Madre Inc. Effective December 15, 1999, the Company changed its name to MSA Capital Corp. and, subsequently, on October 28, 2002, changed its name to Coronation Minerals Inc. Pursuant to a resolution passed by shareholders on June 18, 2009, the Company changed its name to Guyana Precious Metals Inc. which management believes better reflects the activities of the Company of acquiring early stage properties for mineralization in Guyana, South America and surrounding regions. On August 17, 2009, the Company announced that it had filed articles of amendment to change its name to “Guyana Precious Metals Inc.” The primary office is located at 141 Adelaide Street West Suite 1205 Toronto, Ontario, M5H 3L5.

The unaudited condensed consolidated interim financial statements of Guyana for the three months ended March 31, 2011 was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 8, 2011.

These unaudited condensed consolidated interim financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

Guyana is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. The Company has incurred a loss in the current and prior periods, with a current net loss of $659,672 (three months ended March 31, 2010 - loss of $157,470) and has an accumulated deficit of $22,491,280 (December 31, 2010 - $21,831,608). In addition, the Company had working capital of $9,228,437 at March 31, 2011 (December 31, 2010 - $9,507,303). At March 31, 2011, the Company has sufficient funds to finance its current plans for the next twelve months. However, additional financing will be required for future exploration and acquisition activities beyond the next twelve months. While there is no assurance these funds can be raised, the Company believes such financing will be available as required. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly.

2. Significant accounting policies

(a) Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS")

These are the Company’s first financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”). The disclosures required by the provisions of IFRS 1, “First-time adoption of International Financial Reporting Standards” ("IFRS 1"), explaining how the transition to IFRS has affected the reported financial performance, cash flows and financial position of the Company, are presented in note 20.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 (note 20) for the purposes of the transition to IFRS, as required by IFRS 1.

2. Significant accounting policies (continued)

(a) Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS") (continued)

These unaudited condensed consolidated interim financial statements have been prepared on the basis of IFRS standards that are expected to be effective on December 31, 2011, the Company's first annual reporting date under IFRS. The Company has made certain assumptions about the accounting policies expected to be adopted when the first IFRS annual financial statements are prepared for the year ended December 31, 2011.

(b) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets to fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed consolidated interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(p).

(c) Basis of consolidation

The unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The following companies have been consolidated within the unaudited condensed consolidated interim financial statements:

Corporation	Country of incorporation	Principle activity
Guyana Precious Metals Inc.	Canada	Parent company
Guyana Precious Metals (Barbados) Inc. (1)	Barbados	Holding company
PMG Inc. (2)	Guyana	Exploration company

(1) 100% owned by Guyana; and
(2) 100% owned by Guyana Precious Metals (Barbados) Inc.

2. Significant accounting policies (continued)

(d) Foreign currencies

The functional currency, as determined by management, of Guyana is the Canadian Dollar. For the purpose of the unaudited condensed consolidated interim financial statements, the results and financial position are expressed in Canadian Dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Financial Instruments

Financial assets:

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets ‘at fair value through profit or loss’ (“FVTPL”), ‘held-to-maturity investments‘, ‘available-for-sale‘ financial assets and ‘loans and receivables‘. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities:

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

Other financial liabilities:

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(e) Financial Instruments (continued)

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Loans and receivables
Financial assets at fair value through profit or loss	FVTPL

Financial liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts or loan receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the unaudited condensed consolidated interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of March 31, 2011, December 31, 2010 and January 1, 2010, other than the Company's investment in Prophecy Resource Corp. ("Prophecy"), none of the Company's financial instruments are recorded at fair value. Prophecy common shares are considered as a Level 1 financial instrument and Prophecy warrant securities are considered as a Level 3 financial instrument. As at March 31, 2011, Prophecy common shares are carried at a fair value of $490,000 (December 31, 2010 - $500,000 and January 1, 2010 - $160,000) and Prophecy warrant securities are carried at a fair value of $36,200 (December 31, 2010 - $52,700 and January 1, 2010 - $nil).

2. Significant accounting policies (continued)

(f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(g) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(h) Property and equipment

Property and equipment ("PE") are carried at cost, less accumulated depreciation and accumulated impairment losses.

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

Depreciation is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Vehicle	30%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

(i) Flow-through shares

Flow-through shares are a unique Canadian tax incentive. They are the subject of specific guidance under US GAAP, but there is no equivalent IFRS guidance. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors and is then recognized as a future income tax recovery in the period of renunciation if the Company has sufficient unrealized tax losses and deductions.

2. Significant accounting policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and guaranteed investment certificates with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company does not invest in any asset-backed deposits/investments.

(k) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at March 31, 2011, December 31, 2010 and January 1, 2010.

(l) Share based payment transactions

The fair value of share options granted to employees and non-employees is recognized as an expense over the vesting period 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, including directors of the Company.

The fair value is measured at the grant date and recognized 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.

(m) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

2. Significant accounting policies (continued)

(m) Income taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

(n) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(o) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

(p) Significant accounting judgments and estimates

The preparation of these unaudited condensed consolidated interim financial statements requires management to make certain estimates, judgments 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. These unaudited condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Significant accounting policies (continued)

(p) Significant accounting judgments and estimates (continued)

Critical accounting estimates

Significant assumptions about the future that management has made 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:

- the recoverability of accounts receivable that are included in the unaudited condensed consolidated interim statements of financial position;
- the recoverability of exploration and evaluation expenditures incurred on the Company's property interests. The Company expenses the exploration and evaluation expenditures in the statements of comprehensive profit or loss;
- the estimated useful lives and residual value of PE which are included in the unaudited condensed consolidated interim statements and the related depreciation included in profit or loss;
- the inputs used in accounting for share based payment transactions and in valuation of warrants included in financial assets at fair value through profit or loss;
- management applied judgment in determining the functional currency of the Company as Canadian Dollars;
- management assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period; and
- management's position that there is no income tax considerations required within these unaudited condensed consolidated interim financial statements.

Critical accounting judgments

The categorization of financial assets and liabilities is an accounting policy that requires management to make judgments or assessments.

(q) Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

(ii) IFRS 10 ‘Consolidated Financial Statements’ – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

2. Significant accounting policies (continued)

(q) Recent Accounting Pronouncements (continued)

(iii) IFRS 11 Joint arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is effective for annual period beginning on or after January 1, 2013.

(iv) IFRS 12 'Disclosure of Interests in Other Entities' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

(v) IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

3. Exploration and evaluation

(a) Coppermine River Project

The Company has a 100% interest in mining lease number 2797 located in the Coronation Gulf area, west of the Coppermine River (Coppermine River Property), approximately 60-75 km southwest of Kugluktuk, Nunavut, Canada. The Company intends to retain its ownership rights in the project by making any required payments to retain the property on a care and maintenance basis. The Company accrued advance royalty fees on the project of $25,000 during the three months ended March 31, 2011 (three months ended March 31, 2010 - $25,000).

(b) Rory Group

The Company has a 100% interest in the Rory Group consisting of 265 staked claims located in the Yukon Territory, Canada.

(c) RC Group

The Company has a 100% interest in the RC Group consisting of 30 staked claims located in Nunavut, Canada.

4. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at March 31, 2011, totaled $9,255,675 (December 31, 2010 - $9,536,750).

4. Capital risk management (continued)

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2011.

The Company is not subject to any external capital requirements.

5. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. Cash and cash equivalents are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2011, the Company had cash and cash equivalents of $9,289,749 (December 31, 2010 - $9,550,084) to settle current liabilities of $627,650 (December 31, 2010 - $653,721). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

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

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. the Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

5. Financial risk management (continued)

(iii) Market risk (continued)

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of March 31, 2011, the Company funds certain operations, exploration and administrative expenses in Guyana and Barbados on a cash call basis using US Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US Dollar bank accounts in Canada and Barbados. The Company is subject to gains and losses from fluctuations in the US Dollar.

(c) Equity price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's investment in the common shares and warrants of Prophecy is subject to fair value fluctuations arising from changes in the equity market.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

(i) Cash and cash equivalents include investment-grade short-term deposit certificates with fixed interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss and comprehensive loss.

(ii) The Company holds balances in US Dollar which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the US Dollar exchange rate against the Canadian Dollar, with all other variables held constant, would affect the reported loss and comprehensive loss for the three months ended March 31, 2011 by approximately $395,000.

(iii) The Company's investment in the common shares of Prophecy is subject to fair value fluctuations (included in 'financial assets at fair value through profit and loss'). As at March 31, 2011, sensitivity to a plus or minus 10% change in the quoted market price of Prophecy common shares, with all other variables held constant, would affect reported loss and comprehensive loss for the three months ended March 31, 2011 by approximately $49,000.

(iv) The Company's investment in the warrants of Prophecy (included in 'financial assets at fair value through profit and loss') are subject to fair value fluctuations. As at March 31, 2011, sensitivity to a plus or minus 10% change in the fair value of Prophecy warrants, with all other variables held constant, would affect reported loss and comprehensive loss for the three months ended March 31, 2011 by approximately $4,000.

(Expressed in Canadian Dollars)

6. Categories of financial instruments

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Financial assets:			
Loans and receivables			
Cash and cash equivalents	$ 9,289,749	$ 9,550,084	$ 2,872,044
Financial assets at fair value through profit or loss	526,200	552,700	160,000
Financial liabilities:			
Other financial liabilities			
Amounts payable and other liabilities	$ 627,650	$ 653,721	$ 447,991

As of March 31, 2011, December 31, 2010 and January 1, 2010, the fair value of the Company's financial instruments, other than 'financial assets at fair value through profit and loss', approximates the carrying value, due to their short-term nature.

7. Cash position

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Cash	$ 4,187,996	$ 2,256,722	$ 362,044
Cash equivalents	5,101,753	7,293,362	2,510,000
Total	$ 9,289,749	$ 9,550,084	$ 2,872,044

8. Financial assets at fair value through profit or loss

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Prophecy:			
- common shares	$ 490,000	$ 500,000	$ 160,000
- warrants	36,200	52,700	-
	$ 526,200	$ 552,700	$ 160,000

During 2005, the Company entered into an agreement with Northern Platinum Ltd. ("Northern") to purchase a 100% interest in Northern's Wellgreen Project. Under the terms of the agreement the Company purchased a $1 million private placement of Northern capital stock in the form of 1,000,000 units. Each unit consisted of one common share and one half share purchase warrant with each full warrant giving the holder the right to purchase an additional share of Northern for $1.50 for a period of 24 months. These warrants expired unexercised during 2007. During 2008, the agreement was terminated.

(Expressed in Canadian Dollars)

8. Financial assets at fair value through profit or loss (continued)

On June 15, 2010, Prophecy agreed to purchase Northern. Prophecy offered 0.5 common shares and 0.1 warrants ("Arrangement Warrants") for each common share of Northern. Each whole Arrangement Warrant will entitle the holder to acquire one additional common share of Prophecy at an exercise price of $0.80 that will expire 18 months following the transaction closing date (September 23, 2010). Consequently, 500,000 common shares and 100,000 Arrangement Warrants were allocated to Guyana. During 2010, the 100,000 Arrangement Warrants were assigned a value of $52,700, using the Black-Scholes valuation model with the following assumptions: a 1.23 year term, 111.08% volatility, risk-free interest rate of 1.66% and a dividend rate of 0%. On March 31, 2011, the fair value of the warrants was determined to be $36,200 by revaluing the Arrangement Warrants using the Black Scholes option pricing model with the following assumptions: a 0.98 year term, 74.63% volatility, risk-free interest rate of 1.77% and a dividend rate of 0%.

9. Accounts receivable and other assets

		As at March 31, 2011		As at December 31, 2010		As at January 1, 2010
Harmonized sales tax recoverable - (Canada)	$	12,829	$	21,921	$	43,254
Prepaid expenses		27,309		36,319		25,443
	$	40,138	$	58,240	$	68,697

10. Property and equipment

Cost		Vehicle
Balance, January 1, 2010	$	47,398
Balance, March 31, 2010		47,398
Balance, December 31, 2010		47,398
Balance, March 31, 2011	$	47,398

Accumulated Amortization		Vehicle
Balance, January 1, 2010	$	5,332
Change during the period		3,155
Balance, March 31, 2010		8,487
Change during the period		9,464
Balance, December 31, 2010		17,951
Change during the period		2,209
Balance, March 31, 2011	$	20,160

Carrying Value		Vehicle
Balance, January 1, 2010	$	42,066
Balance, March 31, 2010		38,911
Balance, December 31, 2010		29,447
Balance, March 31, 2011	$	27,238

(Expressed in Canadian Dollars)

11. Amounts payable and other liabilities

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Falling due within the year			
Trade payables	$ 627,650	$ 653,721	$ 447,991

12. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At March 31, 2011, the issued share capital amounted to $22,361,905. The change in issued share capital for the periods were as follows:

	Number of common shares	Amount
Balance, December 31, 2010 and March 31, 2011	174,295,690	$ 22,361,905

13. Stock options

The Company adopted a stock option plan for employees, consultants, officers and directors on April 24, 1995. The number of common shares reserved for issue under the stock option plan may not exceed 10% of the issued and outstanding capital of the Company at any given time. The term of options granted under the stock option plan may not exceed five years from the date of the grant and the option price, which may be determined by the directors of the Company, may not be less than the market price for the common shares at the grant date, less an approved discount.

The Company records a charge to the statement of loss and comprehensive loss using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historic traded daily closing share price at the date of issue.

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 share purchase options.

The following table reflects the continuity of stock options for the three months ended March 31, 2011:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2010	8,220,000	0.17
Granted	5,750,000	0.18
Cancelled	(370,000)	0.18
Balance, March 31, 2011	13,600,000	0.18

(Expressed in Canadian Dollars)

13. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2011:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Number of Options Unvested
May 11, 2012	0.10	1.12	3,800,000	3,800,000	-
June 24, 2013	0.25	2.24	3,700,000	3,700,000	-
August 26, 2013	0.18	2.41	350,000	350,000	-
January 28, 2016 (i)	0.18	4.83	5,750,000	1,437,000	4,313,000
		3.03	13,600,000	9,287,000	4,313,000

(i) On January 28, 2011, the Company granted 5,750,000 options to certain directors, officers and consultants of the Company at a price of $0.18 per share. The fair value of these options at the date of grant of $0.162 was estimated using the Black-Scholes option valuation model with the following assumptions: a five year expected term; 145% expected volatility based on historical trends; risk free interest rate of 2.24% per annum; share price on the date of grant of $0.18; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $931,500. These options, which will vest by 25% upon date of grant and by 25% on each of the 6, 12 and 18 month anniversaries of the date of grant, will expire on January 28, 2016. For the three months ended March 31, 2011, the impact on salaries and benefits was $378,597.

14. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 and 2010 was based on the loss attributable to common shareholders of $659,672 (three months ended March 31, 2010 - $157,470) and the weighted average number of common shares outstanding of 174,295,690 (three months ended March 31, 2010 - 104,295,690). Diluted loss per share did not include the effect of 13,600,000 stock options and 98,662,665 warrants as they are anti-dilutive.

15. Warrants

The following table reflects the continuity of warrants for the period ended March 31, 2011:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2010 and March 31, 2011	98,662,665	0.18

(Expressed in Canadian Dollars)

15. Warrants (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2011:

Number of Warrants Outstanding	Grant Date Fair Value ($)	Exercise Price ($)	Expiry Date	
21,620,277	2,677,541	0.30	June 30, 2011	(a)
7,042,388	926,207	0.30	June 30, 2011	(a)
70,000,000	2,891,000	0.13	December 10, 2012	
-	(86,825)	-	Warrant issue cost	
98,662,665	**6,407,923**	**0.18**		

(a) The warrants will expire at 5:00 p.m. (Toronto time) on June 30, 2011, provided that if the closing price of the common shares for any 20 consecutive trading days exceeds $0.50, the Company may accelerate the expiry time to the date which is the later of (A) 30 days following the date of mailing of written notice of the accelerated expiry time to the holders, and (B) 30 days following the date a press release is issued by the Company announcing the accelerated expiry time. The exercise price for both series of warrants will remain the same.

16. General and administrative

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Salaries and benefits	**$ 390,597**	$ 34,152
Consulting fees	**36,000**	36,000
Administrative and general	**37,705**	5,817
Reporting issuer costs	**16,220**	12,560
Accounting fees	**2,800**	3,356
Professional fees	**11,142**	10,690
Insurance	**12,139**	7,690
	$ 506,603	$ 110,265

17. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) Guyana entered into the following transactions with related parties:

	Notes	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Marrelli CFO Outsource Syndicate Inc. ("Marrelli")	(i)	**$ 6,000**	$ 6,000
Marrelli Support Services Inc. ("MSSI")	(ii)(v)	**1,300**	3,356
Marrelli Tax Compliance Services Inc. ("Marrelli Tax")	(iii)(v)	**1,500**	-
Bruce Rosenberg	(iv)	**4,690**	1,727
J.Patrick Sheridan	(vi)	**30,000**	30,000
Guyana Goldfields Inc. ("GGI")	(vii)	**-**	2,801
DSA Corporate Services Inc. ("DSA")	(viii)	**1,664**	-

(Expressed in Canadian Dollars)

17. Related party balances and transactions (continued)

(a) Guyana entered into the following transactions with related parties (continued):

(i) The Chief Financial Officer ("CFO") of Guyana is the president of Marrelli. Fees related to the CFO function performed.

(ii) The CFO of Guyana is the president of MSSI. Fees related to accounting services provided by MSSI.

(iii) The CFO of Guyana is the president of Marrelli Tax. Fees related to tax services provided by Marrelli Tax.

(iv) Bruce Rosenberg is a director of Guyana. Fees related to legal services provided by Mr. Rosenberg.

(v) As at March 31, 2011, MSSI was owed $5,763 (December 31, 2010 - $7,243) and Marrelli Tax was owed $1,695 (December 31, 2010 - $nil), and these amounts were included in amounts payable and other liabilities.

(vi) Chief Executive Officer ("CEO") fees. As at March 31, 2011, the CEO was owed $10,000 (December 31, 2010 - $30,000), and these amounts were included in amounts payable and other liabilities.

(vii) Office expenses paid on behalf of Guyana. GGI and Guyana have common management and directors. Included in amounts payable and other liabilities is $3,939 (December 31, 2010 - $3,939) payable to GGI.

(viii) The CFO of Guyana is an officer of DSA. Fees related to corporate secretarial services provided by DSA. As at March 31, 2011, DSA was owed $635 (December 31, 2010 - $622) and these amounts were included in amounts payable and other liabilities.

(b) Remuneration of Directors and key management personnel of the Company was as follows:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Salaries and benefits [1]	**$ 12,000**	$ -
Share based payments	**213,989**	25,938

[1] Salaries and benefits include director fees. The board of directors and select officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

18. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed consolidated interim financial statements also represent segment amounts.

The Company is presently searching for mineral exploration targets in Guyana, South America. (See note 21).

19. Contingencies and commitments

The Company has no commitments or contingent assets or contingent liabilities.

20. Conversion to IFRS

(i) Overview

As stated in Significant Accounting Policies (note 2), these are the Company's first unaudited condensed consolidated interim financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the financial statements for the three months ended March 31, 2011 and in the preparation of an opening IFRS balance sheet at January 1, 2010 (the Company's Transition Date).

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Company's Transition Date.

- To apply IFRS 2 Share based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS unaudited consolidated statement of financial position is included as comparative information in the unaudited consolidated statements of financial position in these financial statements.

(iii) Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

20. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed consolidated interim financial statements.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed consolidated interim financial statements.

(c) Exploration and evaluation

On transition to IFRS, the Company elected to expense exploration and evaluation expenditures as incurred. Previously, the Company's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred.

Impact on Condensed Consolidated Interim Statements of Financial Position

	As at December 31, 2010	As at March 31, 2010	As at January 1, 2010
Adjustment to mineral resource properties	$ (3)	$ (3)	$ (3)
Adjustment to deficit	$ (3)	$ (3)	$ (3)

(d) Flow-through shares

On transition to IFRS, the Company elected to follow generally accepted method under US GAAP whereby flow-through proceeds should be allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors and is then recognized as a future income tax recovery in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance.

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

(d) Flow-through shares (continued)

Previously, the Company's Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration and development expenditures in favour of the flow-through share subscribers. This future income tax liability was calculated net of any benefit resulting from unrecorded income tax loss carry forwards and income tax pools in excess of the accounting value available for deduction.

Impact on Condensed Consolidated Interim Statements of Financial Position

	As at December 31, 2010	As at March 31, 2010	As at January 1, 2010
Adjustment to share capital	$ 1,823,490	$ 1,823,490	$ 1,823,490
Adjustment to deficit	$ (1,823,490)	$ (1,823,490)	$ (1,823,490)

(iv) Presentation

Certain amounts in the unaudited condensed consolidated interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP

The January 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	January 1, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,872,044	$ -	**$ 2,872,044**
Financial assets at fair value through profit or loss	160,000	-	**160,000**
Accounts receivable and other assets	68,697	-	**68,697**
	3,100,741	-	**3,100,741**
Property and equipment	42,066	-	**42,066**
Mineral resource properties (note 20(iii)(c))	3	(3)	**-**
	$ 3,142,810	$ (3)	**$ 3,142,807**
LIABILITIES AND EQUITY			
Current liabilities			
Amounts payable and other liabilities	$ 447,991	$ -	**$ 447,991**
Capital and reserves			
Share capital (note 20(iii)(d))	16,464,838	1,823,490	**18,288,328**
Reserves	6,064,610	-	**6,064,610**
Deficit (note 20(iii)(c)(d))	(19,834,629)	(1,823,493)	**(21,658,122)**
Total capital and reserves	2,694,819	(3)	**2,694,816**
Total liabilities and equity	$ 3,142,810	$ (3)	**$ 3,142,807**

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The March 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	March 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,901,361	$ -	**$ 2,901,361**
Financial assets at fair value through profit or loss	145,000	-	**145,000**
Accounts receivable and other assets	25,318	-	**25,318**
	3,071,679	-	**3,071,679**
Property and equipment	38,911	-	**38,911**
Mineral resource properties (note 20(iii)(c))	3	(3)	**-**
	$ 3,110,593	$ (3)	**$ 3,110,590**
LIABILITIES AND EQUITY			
Current liabilities			
Amounts payable and other liabilities	$ 539,092	$ -	**$ 539,092**
Capital and reserves			
Share capital (note 20(iii)(d))	16,464,838	1,823,490	**18,288,328**
Reserves	6,098,762	-	**6,098,762**
Deficit (note 20(iii)(c)(d))	(19,992,099)	(1,823,493)	**(21,815,592)**
Total capital and reserves	2,571,501	(3)	**2,571,498**
Total liabilities and equity	$ 3,110,593	$ (3)	**$ 3,110,590**

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The December 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	$ 9,550,084	$ -	**$ 9,550,084**
Financial assets at fair value through profit or loss	552,700	-	**552,700**
Accounts receivable and other assets	58,240	-	**58,240**
	10,161,024	-	**10,161,024**
Property and equipment	29,447	-	**29,447**
Mineral resource properties (note 20(iii)(c))	3	(3)	**-**
	$ 10,190,474	$ (3)	**$ 10,190,471**
LIABILITIES AND EQUITY			
Current liabilities			
Amounts payable and other liabilities	$ 653,721	$ -	**$ 653,721**
Capital and reserves			
Share capital (note 20(iii)(d))	20,538,415	1,823,490	**22,361,905**
Reserves	9,006,453	-	**9,006,453**
Deficit (note 20(iii)(c)(d))	(20,008,115)	(1,823,493)	**(21,831,608)**
Total capital and reserves	9,536,753	(3)	**9,536,750**
Total liabilities and equity	$ 10,190,474	$ (3)	**$ 10,190,471**

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP interim statement of loss and comprehensive loss for the three month period ended March 31, 2010 has been reconciled to IFRS as follows:

	Three months ended March 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
General and administrative (note 16)	$ 110,265	$ -	**$ 110,265**
Foreign exchange loss	4,106	-	**4,106**
Mineral exploration property - holding costs and royalties	25,000	-	**25,000**
Amortization	3,155	-	**3,155**
Operating loss before the following items	(142,526)	-	**(142,526)**
Interest and other income	56	-	**56**
Unrealized loss on financial assets at fair value through profit or loss	(15,000)	-	**(15,000)**
Net loss and comprehensive loss for the period	$ (157,470)	$ -	**$ (157,470)**

The Canadian GAAP statement of loss and comprehensive loss for the year ended December 31, 2010 has been reconciled to IFRS as follows:

	Year ended December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
General and administrative	$ 463,629	$ -	**$ 463,629**
Foreign exchange loss	6,419	-	**6,419**
Mineral exploration property - holding costs and royalties	114,588	-	**114,588**
Amortization	12,620	-	**12,620**
Operating loss before the following item	(597,256)	-	**(597,256)**
Interest and other income	31,070	-	**31,070**
Unrealized loss on financial assets at fair value through profit or loss	392,700	-	**392,700**
Net loss and comprehensive loss for the year	$ (173,486)	$ -	**$ (173,486)**

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP interim statement of cash flows for the three months ended March 31, 2010 has been reconciled to IFRS as follows:

	Three months ended March 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating activities			
Net (loss) for the period	$ (157,470)	$ -	**$ (157,470)**
Adjustment for:			
Amortization	3,155	-	**3,155**
Unrealized loss on financial assets at fair value through profit or loss	15,000	-	**15,000**
Share-based payments	34,152	-	**34,152**
Non-cash working capital items:			
Accounts receivable and other assets	43,379	-	**43,379**
Amounts payable and other liabilities	91,101	-	**91,101**
Net cash provided by operating activities	29,317	-	**29,317**
Net change in cash and cash equivalents	29,317	-	**29,317**
Cash and cash equivalents, beginning of period	2,872,044	-	**2,872,044**
Cash and cash equivalents, end of period	$ 2,901,361	$ -	**$ 2,901,361**

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP statement of cash flows for the year ended December 31, 2010 has been reconciled to IFRS as follows:

	Year ended December 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Operating activities			
Net (loss) for the year	$ (173,486)	$ -	**$ (173,486)**
Adjustment for:			
Amortization	12,620	-	**12,620**
Unrealized gain on financial assets at fair value through profit or loss	(392,700)	-	**(392,700)**
Share-based payments	72,856	-	**72,856**
Non-cash working capital items:			
Accounts receivable and other assets	10,457	-	**10,457**
Amounts payable and other liabilities	205,729	-	**205,729**
Net cash (used in) operating activities	(264,524)	-	**(264,524)**
Financing activities			
Issue of common shares	7,000,000	-	**7,000,000**
Share issue costs	(57,436)	-	**(57,436)**
Net cash provided by financing activities	6,942,564	-	**6,942,564**
Net change in cash and cash equivalents	6,678,040	-	**6,678,040**
Cash and cash equivalents, beginning of year	2,872,044	-	**2,872,044**
Cash and cash equivalents, end of year	$ 9,550,084	$ -	**$ 9,550,084**

21. Subsequent events

(a) On April 6, 2011, the Company announced that it has entered into an agreement with GGI pursuant to which the Company has agreed to purchase and GGI has agreed to sell GGI's 100% interest in the Peters property and Aremu property, located in Guyana, South America for US$2,400,000 payable in cash upon closing (the "Peters and Aremu Transaction").

The Company has also agreed to enter into an agreement to purchase and GGI has agreed to sell GGI's 70.1% participating interest in the Arakaka property (the "Arakaka Property"), located in Guyana, South America for US$3,734,000 and a 1% net smelter royalty in favour of GGI on GGI's participating interest.

On May 19, 2011, Takara Resources Inc. elected by notice received by GGI in May 2011, to exercise its joint venture rights and to purchase the 70.1% interest held by GGI in the Arakaka Property.

Completion of the Peters and Aremu Transaction are subject to a number of conditions, including, without limitation, receipt of the approval of a majority of the Company's shareholders (excluding GGI) and the receipt of all required regulatory approvals, including the approval of the TSX Venture Exchange.

(b) On April 28, 2011, the Company granted 500,000 stock options to a director of the Company at a price of $0.24 per share. These options, which will vest by 25% upon date of grant and by 25% on each of the 6, 12 and 18 month anniversaries of the date of grant will expire on April 28, 2016.