

**EXPEDITION MINING INC.**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2011**

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**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

*/s/ Ronald Atlas*

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Ronald Atlas, Director  
Vancouver, BC Canada  
August 24, 2011

*/s/ Steve Chan*

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Steve Chan, Director  
Vancouver, BC Canada  
August 24, 2011

**EXPEDITION MINING INC.  
INTERIM CONSOLIDATED BALANCE SHEETS**

	30-Jun-11 \$	30-Sep-10 \$
<b>A S S E T S</b>		
<b>Current assets</b>		
Cash	3,704,381	989,389
Amounts receivable	37,424	38,253
Security deposits	5,750	5,750
Prepaid expense	4,950	-
	3,752,505	1,033,392
<b>Long term receivable</b> (Note 5)	-	80,697
<b>Reclamation bond</b> (Note 6)	17,886	17,886
<b>Equipment</b> (Note 3)	21,886	22,720
<b>Other assets</b> (Note 4)	-	1,032,900
<b>Mineral properties</b> (Note 6)	922,423	840,173
	4,714,700	3,027,768
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	286,755	134,882
<b>Asset Retirement Obligation</b> (Note 7)	17,886	17,886
	304,641	152,768
<b>Shareholders' Equity</b>		
Share capital (Note 8)	24,768,751	22,216,588
Contributed surplus (Note 8d)	3,833,746	3,251,857
Deficit	(24,192,438)	(22,593,445)
	4,410,059	2,875,000
	4,714,700	3,027,768
<b>Continuing operations</b> (Note 1)		

**Approved on behalf of the Board of Directors:**

"Ronald Atlas", Director

"Steven Chan", Director

See notes to financial statements

**EXPEDITION MINING INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT**  
**For the Nine Months Ended June 30,**

	Three months Ended		Nine months Ended	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	\$	\$	\$	\$
<b>General and administrative expenses:</b>				
Bank charges and interest	292	142	644	9,676
Consulting fees	-	-	300	-
Corporate and administration fees	11,125	3,550	30,378	4,788
Directors' fees	6,000	10,344	18,565	16,710
Filing and transfer agent fees	8,016	2,477	21,095	13,334
Legal & accounting fees	16,831	(1,375)	55,648	114,742
Management fees	49,143	51,238	149,192	154,587
Office rent, salaries and supplies	13,934	18,226	43,673	56,870
Property investigation	-	2,998	-	2,998
Property reclamation costs	-	(25,299)	-	-
Shareholders' communication, & promotion	12,539	9,338	31,465	22,172
Travel, meals & entertainment	3,214	3,281	15,442	10,291
	(121,094)	(74,920)	(366,402)	(406,168)
<b>Other items:</b>				
Amortization	(1,696)	(1,730)	(4,702)	(5,190)
Interest income	10,953	(281)	16,852	9,600
Stock-based compensation	(455,121)	(43,403)	(455,121)	(47,267)
Gain (Loss) on revaluation of receivable	-	-	(91,697)	-
Gain (Loss) on sale of Asset-backed paper	-	-	-	645,940
Gain (Loss) on sale of other assets	-	(2,790)	(334,752)	(19,840)
Gain (Loss) due to fair value adjustment	-	(453,560)	769,379	(742,313)
Gain (Loss) on foreign exchange	(61)	-	(76)	-
Fair value restatement of short sale	-	-	-	30,622
Other non-recurring expenses	-	57,722	-	60,322
Write-off of mineral properties	(1,132,474)	-	(1,132,474)	-
<b>Net income (loss) and comprehensive income (loss) for the period</b>	(1,699,493)	(518,962)	(1,598,993)	(474,294)
<b>Deficit - beginning of the period</b>	(22,492,945)	(22,484,485)	(22,593,445)	(22,529,153)
<b>Deficit - end of the period</b>	(24,192,438)	(23,003,447)	(24,192,438)	(23,003,447)
<b>Income (Loss) per share</b>	(0.03)	(0.01)	(0.03)	(0.01)
Weighted average – number of shares outstanding	55,464,164	47,284,068	50,827,969	47,284,608

See notes to financial statements

**EXPEDITION MINING INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Nine Months Ended June 30,**

	Three months Ended		Nine months Ended	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	\$	\$	\$	\$
<b>Cash provided by (used for):</b>				
<b>Operating Activities</b>				
Net Income (loss) for the period	(1,699,493)	(518,962)	(1,598,993)	(474,294)
Adjustment which do not affect cash:				
Amortization	1,696	1,730	4,702	5,190
Stock-based compensation	455,121	43,403	455,121	47,267
Write off mineral properties	1,132,474	-	1,132,474	-
Gain (Loss) on revaluation of receivable	-	-	91,697	-
Gain (Loss) due to fair value adjustment	-	453,560	(769,379)	742,313
Gain (loss) on fair value of short sale	-	-	-	(30,622)
	<u>(110,202)</u>	<u>(20,269)</u>	<u>(684,378)</u>	<u>289,854</u>
Net changes in non-cash working capital items:				
Amounts receivable	(7,944)	3,555	829	12,077
Prepaid expense	3,975	3,300	(4,950)	(3,300)
Accounts payable	272,150	38,007	151,873	(77,318)
	<u>157,979</u>	<u>24,593</u>	<u>(536,626)</u>	<u>221,313</u>
<b>Financing Activities</b>				
Issue of share capital (net of issue costs)	37,500	-	2,193,430	-
<b>Investing Activities</b>				
Mineral property costs	(584,386)	(182,773)	(827,225)	(281,121)
Asset retirement obligation	-	(82,062)	-	(82,062)
Equipment purchased	-	-	(3,868)	(420)
Security deposits	-	23,372	-	23,372
Sale of asset-backed commercial paper	-	-	-	139,095
Sale of other assets	-	271,517	1,802,279	407,732
Adjustment of sales due to fair value	-	-	87,002	-
Proceeds from (repayment of) margin account	-	-	-	(533,415)
	<u>(584,386)</u>	<u>30,054</u>	<u>1,058,188</u>	<u>(326,819)</u>
<b>Increase (decrease) in cash</b>	<u>(388,907)</u>	<u>54,647</u>	<u>2,714,992</u>	<u>(105,506)</u>
<b>Cash - beginning of period</b>	<u>4,093,288</u>	<u>1,104,202</u>	<u>989,389</u>	<u>1,264,355</u>
<b>Cash - end of period</b>	<u>3,704,381</u>	<u>1,158,849</u>	<u>3,704,381</u>	<u>1,158,849</u>
Supplementary disclosures:				
Interest income received	10,953	281	16,852	9,600

Refer also to Notes 6 and 8 for disclosure of common shares issued for mineral properties and for share issue costs, and received common shares and warrants as proceeds on the disposition of a mineral property.

See notes to financial statements

**EXPEDITION MINING INC.**  
**Interim Consolidated Schedule of Deferred Mineral Property Costs**  
**For the Nine Months Ended June 30,**

	<b>Balance</b> <b>30-Sep-09</b>	<b>Additions</b>	<b>Balance</b> <b>30-Sep-10</b>	<b>Additions</b>	<b>Write-offs</b>	<b>Balance</b> <b>30-Jun-11</b>
	\$	\$	\$	\$	\$	\$
<b>Tact &amp; Buff</b>						
Acquisition costs	19,908	12,000	31,908	-	(31,908)	-
Exploration costs						
Advances	5,546	(5,546)	-	-	-	-
Assays & sampling	11,790	18,020	29,810	-	(29,810)	-
Claims and maintenance	17,429	81,831	99,260	502	(99,762)	-
Consulting	47,216	68,212	115,428	-	(115,428)	-
Drilling	142,127	7,714	149,841	-	(149,841)	-
Field administration	65	167	232	-	(232)	-
Field work and supplies	1,483	11,267	12,750	-	(12,750)	-
Maps & reports	5,282	5,284	10,566	-	(10,566)	-
Royalty - Advance	-	10,802	10,802	-	(10,802)	-
Site reclamation		17,886	17,886	16,047	(33,933)	-
Site visits	7,471	2,625	10,096	-	(10,096)	-
	<u>258,317</u>	<u>230,262</u>	<u>488,579</u>	<u>16,549</u>	<u>(505,128)</u>	<u>-</u>
<b>Brew Property (Yukon)</b>						
Acquisition costs	-	-	75,000	125,000	(200,000)	-
Exploration costs						
Assays	-	-	43,610	22,413	(65,753)	-
Claims and maintenance	-	-	20,120		(20,120)	-
Consulting	-	-	11,699	3,687	(15,386)	-
Drilling	-	-	-	54,049	(54,049)	-
Fieldwork & supplies	-	-	1,148	4,108	(5,256)	-
Legal	-	-	6,665	112	(6,777)	-
Mobilization/Demobilization	-	-	62,173	48,591	(110,764)	-
Site visits	-	-	314	1,102	(1,416)	-
Soil sampling & trenching	-	-	130,865	16,960	(147,825)	-
	<u>-</u>	<u>-</u>	<u>351,594</u>	<u>275,752</u>	<u>(627,346)</u>	<u>-</u>
<b>Joy Property (Yukon)</b>						
Acquisition costs	-	-	-	325,000	-	325,000
Exploration costs						
Consulting	-	-	-	887	-	887
Data acquisition	-	-	-	32,364	-	32,364
Field work & supplies	-	-	-	5,230	-	5,230
Geophysics	-	-	-	34,091	-	34,091
Helicopter	-	-	-	24,041	-	24,041
Legal	-	-	-	14,997	-	14,997
Mobilization	-	-	-	7,617	-	7,617
	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,227</u>	<u>-</u>	<u>444,227</u>

See notes to financial statements

**EXPEDITION MINING INC.**  
**Interim Consolidated Schedule of Deferred Mineral Property Costs**  
**For the Six Months Ended June 30,**

	<b>Balance 30-Sep-09 \$</b>	<b>Additions \$</b>	<b>Balance 30-Sep-10 \$</b>	<b>Additions \$</b>	<b>Write-offs \$</b>	<b>Balance 30-Jun-11 \$</b>
<b>Mt. Mervyn Property (Yukon)</b>						
Acquisition costs	-	-	-	312,500	-	312,500
Exploration costs						
Consulting	-	-	-	887	-	887
Data acquisition	-	-	-	48,546	-	48,546
Field work & supplies	-	-	-	7,845	-	7,845
Geophysics	-	-	-	50,112	-	50,112
Helicopter	-	-	-	36,062	-	36,062
Legal	-	-	-	10,818	-	10,818
Mobilization	-	-	-	11,426	-	11,426
	-	-	-	478,196	-	478,196
<b>TOTALS</b>	<b>258,317</b>	<b>230,262</b>	<b>840,173</b>	<b>1,203,009</b>	<b>(1,132,474)</b>	<b>922,423</b>

See notes to financial statements

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**June 30, 2011**

**1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company is incorporated in the Province of British Columbia and its principal business activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of \$24,192,438 at June 30, 2011. The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the most recent audited financial statements. These unaudited interim consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements. Therefore readers are advised to refer to the Company's annual audited financial statements for the year ended September 30, 2010 for additional information.

**New Canadian Accounting Pronouncements**

**International Financial Reporting Standards ("IFRS")**

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not been fully determined at this time.

**Business Combinations**

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted.

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**As at June 30, 2011**

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2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Consolidated Financial Statements**

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011.

**Non Controlling Interests**

In January 2009, the CICA issued Handbook Section 1602, Non-controlling Interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. This standard will not have any impact on the Company's financial statements.

The Company is required to adopt Sections 1582, 1601 and 1602 concurrently; at this time the Company does not anticipate adopting these sections prior to the adoption of IFRS and therefore does not expect any impact to the consolidated financial statements.

3. **EQUIPMENT**

	June 30, 2011		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	41,178	32,703	8,475
Office equipment	49,020	35,609	13,411
	90,198	68,312	21,886
	September 30, 2010		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	37,310	30,368	6,942
Office equipment	49,020	33,242	15,778
	88,444	65,724	22,720

4. **OTHER ASSETS**

**Asset Backed Commercial Papers**

During a prior year end, the Company invested \$1,390,951 in a collateralized short term debt obligation (the "Note"), issued by Conventree Inc. and commonly known as "Asset Backed Commercial Paper" ("ABCP"). The redemption of the Note is dependent on the cash generated by the ABCP's underlying assets and the ability of the trust that issued the note to refinance it in the ABCP market. The Note was due and repayable to the Company on September 1, 2007, however the market for ABCP has ceased to function and the Company's Note was not redeemed upon maturity. The Company was unable to determine if or when it may obtain the funds due under its Note, or whether the full amount invested will be recoverable. Accordingly, it reclassified the Note as a non-current asset, and revalued it to \$139,095.

During the year ended September 30, 2010, the Company sold all its ABCP for a total of \$785,035 and reported a gain on sale of the ABCP of \$645,940.

**Crosshair Exploration & Mining Corp. Shares**

During a prior year end, the Company received 10,000,000 shares and 7,500,000 warrants of Crosshair Exploration & Mining Corp. ("Crosshair") pursuant to the acquisition agreement whereby Crosshair acquired Universal's 60% interest in its Central Mineral Belt (CMB), Labrador, uranium project as further discussed in Note 6. The 10,000,000 common shares of Crosshair were originally recorded at market value of \$0.48 per share on July 29, 2008 (the agreement date). The 7,500,000 warrants will expire on July 29, 2011.

The Company has taken a valuation allowance in respect to the common shares and share purchase warrants of Crosshair due to the re-sale restrictions that are in effect. The allowance is equal to the calculated fair value of the Crosshair warrants, and accordingly the carrying value of the total investment is reported based on the current market value of the Crosshair shares.

On March 31, 2010, the Company announced that the action commenced by Crosshair Exploration & Mining Corp. ("Crosshair") in the B.C. Supreme Court in April, 2009 had been settled. The settlement agreement required the parties to file a consent dismissal order dismissing both the Crosshair claim and the Company's counterclaim on a without costs basis. The settlement agreement also provided for a release by each party of all claims and causes of action it may have against the other party resulting from any matters existing up to the present time with respect to the action.

The settlement agreement further provided for Crosshair to enter into a voting trust agreement pursuant to which Crosshair will, for a period of 36 months, either abstain from voting its shares in the Company at shareholder meetings or will vote its shares in favour of the proposals of the Company's management. As at the date of the settlement, Crosshair held 2,222,222 common shares of the Company and 2,222,222 warrants to purchase common shares of the Company. The 2,222,222 warrants will expire on July 29, 2011.

During the previous year end, the Company sold 2,886,000 shares at various prices (\$0.13 - \$0.245) for total net proceeds of \$474,323, leaving a balance of 7,114,000 Crosshair shares in escrow. During the year ended September 30, 2010, the Company sold 2,419,000 shares at various prices (\$0.155 - \$0.205) for total net proceeds of \$453,492, leaving a balance of 4,695,000 Crosshair shares. The value of these shares was reported as \$1,032,900 (\$0.22 per share).

On December 21, 2010, Crosshair announced that effective immediately, the common shares of Crosshair were consolidated on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common share. As a result, the warrants (1,875,000 post-consolidation), which expire on July 29, 2011, have an exercise price of \$4.00 per common share.

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**As at June 30, 2011**

4. **OTHER ASSETS** *(continued)*

**Crosshair Exploration & Mining Corp. Shares** *(continued)*

During the period ended December 31, 2010, the Company sold a total of 2,783,500 Crosshair shares, with prices ranging from \$0.19 to \$0.47 for gross proceeds of \$803,703, leaving a balance of 1,911,500 pre consolidation shares (477,875 post consolidation shares). As at December 31, 2010, the value of the shares was reported at the closing price of \$2.49.

During the period ended March 31, 2011, the Company sold all the remaining Crosshair shares (477,875), with prices ranging from \$1.08 to \$2.34 for gross proceeds of \$788,549.

	Nine months ended June 30, 2011			
	Fair Value 30-Sep-10 \$	Write-up to Fair Value \$	Securities sold during the period \$	Fair Value 30-Jun-11 \$
Crosshair Exploration & Mining Corp.	1,032,900	434,627	(1,467,527)	-

	Year ended September 30, 2010			
	Fair Value 30-Sep-09 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-10 \$
Asset Backed Commercial Paper	139,095	-	(139,095)	-
Crosshair Exploration & Mining Corp.	1,643,120	(156,428)	(453,792)	1,032,900
	1,782,215	(156,428)	(592,887)	1,032,900

	Year ended September 30, 2009			
	Originating value \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-09 \$
Asset Backed Commercial Paper	139,095	-	-	139,095
Crosshair Exploration & Mining Corp.	2,100,000	80	(456,960)	1,643,120
	2,253,095	(2,920)	(467,960)	1,782,215

5. **LONG TERM RECEIVABLE**

On September 26, 2007, the Company received a Promissory Note from a former director in the amount of \$110,550, previously recorded in amounts receivable. The note bears interest of 2.25% per annum and was due and payable on March 26, 2008.

On July 2, 2009, the Company obtained default judgment against the director in the amount of \$115,266, interest in the amount of \$1,419 and \$1,330 in other costs, for a total of \$117,975. On September 16, 2009, it was ordered that the director pay \$500 per month commencing October 15, 2009 and continuing to December 15, 2009, and that the director pay \$1,000 per month commencing January 15, 2010 until the amount owing is paid in full, or until further order. During the previous year, the company revalued the loan to its fair market value to \$97,593 (net of unamortized discount of \$20,531). The revaluation resulted in a loss on \$20,531.

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**As at June 30, 2011**

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5. **LONG TERM RECEIVABLE** *(continued)*

The fair value of the long term receivable as of December 31, 2010 is \$92,308 (September 30, 2010 - \$92,697) \$11,611 has been classified as a short-term receivable as at December 31, 2010 (2010 - \$12,000).

During the period ended June 30, 2011, the Company received a notice from the former director's Trustee, that a Notice of Proposal to Creditors has been filed with the Supreme Court of B.C. The notice proposed a 22.3% of the unsecured loan to be paid over 56 monthly payments. Although the proposal was refused by the Company, it was approved by the statutory majority of creditors and the Trustee proceeded to seek Court approval. During the period, the Company wrote-off the balance owing of \$91,697.

6. **MINERAL PROPERTIES**

**Joy Property**  
**Yukon Territory, Canada**

The Company entered into an agreement pursuant to which the Company has the right to acquire 100% interest in the Joy Gold Property, located in the Mayo Mining District in the Yukon Territory.

The Agreement

Cash:

- \$75,000 within five days of signing the Option Agreement (paid)
- \$25,000 on or before May 1, 2011 (paid)
- \$50,000 on or before December 1, 2011

Common Shares:

- 250,000 common shares within five days of the TSX Venture acceptance of the Option Agreement (issued)
- 250,000 common shares on or before January 10 2011 (issued)
- 500,000 common shares on or before July 1, 2011 (issued)

Cash or Shares:

- \$150,000 cash or stock at the Company's option on or before May 1, 2012
- \$150,000 cash or stock at the Company's option on or before May 1, 2013

Feasibility Study:

- Payment of \$250,000 in cash or common stock in the Company at the Company's option on the earlier date of the sixth anniversary of the agreement or upon receipt by the Optionee of a NI 43-101 report indicating a resource of a minimum 500,000 contained ounces of gold on the property.

Work Program:

- Minimum of \$200,000 on or before December 31, 2011 (incurred \$119,227)
- A further \$300,000 on or before December 31, 2012
- A further \$500,000 on or before December 31, 2013

NSR:

- The Optionor will have a 2% net smelter returns Royalty on the Property. The NSR Royalty may be reduced to 1% by the payment of \$1,000 000 to the Optionor.

On November 26, 2010, the TSX Venture Exchange approves the property transaction.

6. **MINERAL PROPERTIES** *(continued)*

**Mt. Mervyn Property**  
**Yukon Territory, Canada**

On April 12, 2011, the Company entered into an option agreement pursuant to which it can acquire a 100-per-cent interest in the Mt. Mervyn gold property from Paul Dadwal. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims, approximately 6,564 hectares (65.64 sq kilometres). The agreement was approved by the TSX Venture Exchange on April 18, 2011.

In order to exercise its option under the option agreement, the Company must make payments and issue shares as set below.

Cash:

\$75,000 within five business days after Exchange Acceptance Date (paid)  
\$75,000 on or before June 1, 2011 (paid)

Common Shares:

250,000 within business days after Exchange Acceptance Date (issued)  
250,000 on or before June 1, 2011 (issued)  
250,000 on or before October 1, 2011  
250,000 on or before March 31, 2012

Net Smelter Returns Royalty (NSR):

The optionor will have a 2-per-cent net smelter royalty on the property. The NSR may be reduced to 1-per-cent by the payment of \$1-million to the optionor.

The Company is committed to make the initial payment of \$75,000 (subsequently paid) and the initial issuance of 250,000 common shares (subsequently issued) once the title to the claims comprising the Mt. Mervyn property is recorded in the Company's name. The other payments and share issuances are optional.

The above transaction received the approval of the TSX Venture Exchange on April 18, 2011.

**Brew Properties**  
**Yukon Territory, Canada**

On May 4, 2010, the Company announced the completion of an option and joint venture agreement with Aldrin Resource Corp. ("Aldrin"), whereby the Company can earn a 50% interest in Ryanwood Exploration Inc's ("Ryanwood") Brew property. The Brew property is located in the White Gold District, Yukon Territory.

The Company may acquire its 50% interest in the Brew property over a three year period subject to the following:

- a) Pay Aldrin \$125,000 on or before December 31, 2010 (paid);
- b) Pay Ryanwood:
  - (i) \$75,000 on or before June 26, 2010 (paid);
  - (ii) \$75,000 on or before June 26, 2011;
  - (iii) \$75,000 on or before June 26, 2012; and
  - (iv) \$75,000 on or before June 26, 2013;

6. **MINERAL PROPERTIES** *(continued)*

**Brew Properties** *(continued)*  
**Yukon Territory, Canada**

- c) Incur expenditures:
- (i) \$300,000 on or before November 15, 2010 (\$304,559 incurred);
  - (ii) \$400,000 on or before November 15, 2011; and
  - (iii) \$650,000 on or before November 15, 2012.

In addition, the Company will pay Aldrin 50% of the Aldrin shares issuable by Aldrin to Ryanwood. The payments in respect of the Aldrin shares are capped at \$156,250 for 2011 and at \$187,500 for 2012 and 2013 and these payments may be paid either in cash or by the issuance of the Company's shares at the Company's option. If the Company chooses to issue the Company's shares, a 10% premium will be paid.

The above transaction received the approval of the TSX Venture Exchange on May 5, 2010.

During the period ended June 30, 2011, the directors and management reviewed the recent assay results and the commitments to be incurred in the Brew Property and on June 22, 2011, the Company formally terminated the agreement with Aldrin.

**Tact & Buff Properties**  
**Nevada, USA**

On July 7, 2009, the Company announced that it had entered into an agreement with Nevada Mine Properties II, Inc ("NMP"), a private Nevada corporation, to acquire a 100% interest in NMP's Tact – Buff property (the "Property") located in the prolific Battle Mountain Mining District, Nevada. The Property is comprised of 98 claims totalling 1760 acres and is situated in Humboldt County approximately 30 miles southeast of Winnemucca.

In consideration, the Company has agreed to pay US\$7,500 upon execution of the agreement and a total of US\$302,500 in Advance Royalty Payments in the first 8 years with automatic extensions over the next 12 years. The Company reserves the right to purchase 100% ownership of the Property at anytime by paying US\$2 million less any Advance Royalty Payments.

Other considerations include issuing a total of 500,000 shares to NMP over a two year period as follows:

- 200,000 shares upon execution (issued August 9, 2010);
- 200,000 shares on the first anniversary (issued July 8, 2010);
- 100,000 shares to on the second anniversary.

The company also has an option to buy down a 3% NSR to 1% for US\$3 million.

The above transaction received the approval of the TSX Venture Exchange on August 6, 2009.

On June 20, 2011, the Company informed NMP of their decision to stop all expenditures on the property but will continue to find NMP a new joint venture partner. On June 27, 2011, the Company engaged Ranchers Exploration to reclaim all disturbances in the property. The Company wrote-off all expenditures incurred in the property.

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**As at June 30, 2011**

**7. ASSET RETIREMENT OBLIGATION**

Included in the carrying value of the mineral properties is \$17,886 representing the estimated fair value of the liability for the asset retirement obligation that arose as a result of drilling activities since fiscal 2009 on the Tact & Buff Property. The fair value of the liability, \$17,886 was determined to be equal to the estimated drill well site remediation costs for which a reclamation bond had been posted.

During the previous year end, the Company recorded the refund of \$83,020 (US\$81,000) from the State of Utah with respect to the reclamation bond posted for the Lisbon Valley property, which was written off in fiscal 2009.

**8. SHARE CAPITAL**

- a) Authorized: Unlimited number of common shares
- b) Issued and outstanding:

	<b>Number of Shares</b>	<b>\$</b>
Balance – September 30, 2008	47,084,068	22,193,588
Issued for mineral properties		
Acquisition cost per agreement	200,000	11,000
Balance – September 30, 2009	47,284,068	22,204,588
Issued for mineral properties		
Acquisition cost per agreement	200,000	12,000
Balance – September 30, 2010	47,484,068	22,216,588
Issued for mineral properties		
Acquisition cost per agreement	1,500,000	387,500
Issued for cash		
Flow-Through Private Placement @ \$0.40	2,625,000	1,050,000
Non-Flow-Through Private Placement @ \$0.32	3,500,000	1,120,000
Options exercised (ranging from \$0.10 to \$0.15)	945,000	136,250
Share issue costs		
Agents' units @ \$0.32	306,250	(98,000)
TSX filing and legal fees	-	(14,820)
Fair value of options exercised		30,013
Fair value of Agents' warrants		(42,911)
Fair value of Agents' fees warrants		(15,869)
<b>Balance – June 30, 2011</b>	<b>56,360,318</b>	<b>24,768,751</b>

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**As at June 30, 2011**

**8. SHARE CAPITAL**

c) Stock options:

The continuity of share purchase options is as follows:

	Number of options	Weighted average exercise price
Outstanding at September 30, 2009	4,095,000	\$ 0.15
Options granted (Note 8c)	1,265,000	0.10
Options expired and/or cancelled	(755,000)	(0.10)
Outstanding at September 30, 2010	4,605,000	0.14
Options granted (Note 8c)	1,515,000	0.40
Options exercised	(945,000)	(0.14)
Options expired and/or cancelled	(220,000)	(0.15)
<b>Outstanding at June 30, 2011</b>	<b>4,955,000</b>	<b>\$ 0.22</b>

A summary of the Company outstanding stock options as of June 30, 2011 and 2010 is presented below:

Expiry Date	Exercise Price	30-Sep-10	Re-priced	Granted	Exercised	Expired / Cancelled	30-Jun-11
16-Jan-11	0.15	85,000	-	-	-	(85,000)	-
08-May-11	0.15	100,000	-	-	(100,000)	-	-
13-Jun-11	0.15	150,000	-	-	(150,000)	-	-
13-Nov-11	0.15	150,000	-	-	-	-	150,000
19-Mar-12	0.15	645,000	-	-	(150,000)	-	475,000
01-Dec-12	0.15	595,000	-	-	(45,000)	-	550,000
12-Mar-13	0.15	110,000	-	-	(50,000)	(60,000)	-
23-Apr-13	0.15	730,000	-	-	(145,000)	-	585,000
29-Apr-14	0.15	775,000	-	-	(175,000)	(75,000)	525,000
15-Oct-14	0.15	50,000	-	-	-	-	50,000
10-Jun-15	0.10	800,000	-	-	(100,000)	-	700,000
28-Jul-15	0.10	365,000	-	-	(10,000)	-	355,000
21-Sep-15	0.15	50,000	-	-	-	-	50,000
21-Apr-16	0.40	-	-	1,515,000	-	-	1,515,000
		4,605,000	-	1,515,000	(945,000)	(220,000)	4,955,000
<b>Weighted average exercise price</b>		0.15	-	0.40	0.15	0.15	0.22

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**As at June 30, 2011**

8. **SHARE CAPITAL** (continued)

c) Stock options: (continued)

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>30-Sep-09</b>	<b>Re-priced</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Cancelled</b>	<b>30-Jun-10</b>
29-Dec-09	0.15	230,000	-	-	-	(230,000)	-
21-June-10	0.15	425,000	-	-	-	(425,000)	425,000
16-Jan-11	0.15	85,000	-	-	-	-	85,000
08-May-11	0.15	100,000	-	-	-	-	100,000
13-Jun-11	0.15	150,000	-	-	-	-	150,000
13-Nov-11	0.15	150,000	-	-	-	-	150,000
19-Mar-12	0.15	645,000	-	-	-	-	645,000
01-Dec-12	0.15	645,000	-	-	-	-	645,000
12-Mar-13	0.15	110,000	-	-	-	-	110,000
23-Apr-13	0.15	780,000	-	-	-	-	780,000
29-Apr-14	0.15	775,000	-	-	-	-	775,000
15-Oct-14	0.15	-	-	50,000	-	-	50,000
10-Jun-15	0.10	-	-	800,000	-	-	800,000
		4,095,000	-	850,000	-	(655,000)	4,290,000
<b>Weighted average exercise price</b>		0.15	-	0.10	-	0.15	0.14

During the period ended June 30, 2011, the Company granted 1,515,000 stock options to directors and consultants (June 30, 2010 –850,000). The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

	21-Apr-11	10-Jun-10	15-Oct-09
Number of options	1,515,000	800,000	50,000
Risk-free interest rate	3%	2.25	2.25
Expected life	5	5	5
Vesting period	-	-	-
Expected volatility	131.08%	156.96%	181.08%
Expected dividend yield	-	-	-

d) Contributed Surplus

Contributed surplus, September 30, 2009	\$	3,177,107
Fair-value of stock options granted		74,750
Contributed surplus, September 30, 2010	\$	3,251,857
Fair-value of stock options granted		455,122
Fair-value of stock options exercised		(30,013)
Agents' units granted		98,000
Fair-value of Agents' warrants granted		42,911
Fair-value of Agents' fees warrants granted		15,869
<b>Contributed surplus, June 30, 2011</b>	<b>\$</b>	<b>3,833,746</b>

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**As at June 30, 2011**

8. **SHARE CAPITAL** (continued)

e) Share purchase warrants

The continuity of share purchase warrants is as follows:

	Number of warrants	Weighted average exercise price
Outstanding at September 30, 2009	2,222,222	\$ 0.65
Warrants expired and/or cancelled	(2,222,222)	(0.65)
Outstanding at September 30, 2010	-	-
Warrants granted per private placement	3,062,500	0.35
Agents' warrants	306,250	0.50
Agents' units warrants	153,125	0.80
<b>Outstanding at June 30, 2011</b>	<b>3,521,875</b>	<b>\$ 0.39</b>

A summary of the Company outstanding warrants as of June 30, 2011 and 2010 is presented below:

Expiry Date	Exercise Price	30-Sep-10	Granted	Exercised	Expired / Cancelled	30-Jun-11
15-Sep-12	0.32	-	1,750,000	-	-	1,750,000
15-Sep-12	0.40	-	1,312,500	-	-	1,312,500
15-Sep-12	0.50	-	306,250	-	-	306,250
15-Sep-12	0.80	-	153,125	-	-	153,125
		-	3,521,875	-	-	3,521,875
<b>Weighted average exercise price</b>			-	-	-	0.39

Expiry Date	Exercise Price	30-Sep-09	Granted	Exercised	Expired / Cancelled	30-Jun-10
23-Oct-09	2.00	1,333,332	-	-	(1,333,332)	-
23-Oct-09	0.75	266,666	-	-	(266,666)	-
12-Mar-10	0.15	1,150,000	-	-	(1,150,000)	-
12-Mar-10	0.45	87,500	-	-	(87,500)	-
29-Jul-10	0.65	2,222,222	-	-	-	2,222,222
		5,059,720	-	-	(5,056,720)	-
<b>Weighted average exercise price</b>		0.89	-	-	-	0.65

9. **CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS**

(a) Capital Management Objectives

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The board of directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

**EXPEDITION MINING INC.**  
**Notes to Interim Consolidated Financial Statements**  
**As at June 30, 2011**

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**9. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS** *(continued)*

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

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during period ended March 31, 2011.

(b) Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instruments from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3—Inputs that are not based on observable market data

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2011.

	Level 1	Level 2	Level 3	Total
Cash – Deposits	\$ 201,521	\$ –	\$ –	\$ 201,521
Guaranteed Investment Certificates	\$ 3,502,860	\$ –	\$ –	\$ 3,502,860

**10. SUBSEQUENT EVENTS**

On July 11, 2011, the Company granted 100,000 incentive stock options at an exercise price of \$0.40 per share. The options are exercisable for a period of five years, ending on July 11, 2016, and are subject to the requirements of the Exchange and the Company's Stock Option Plan. The fair value of the options under the Black-Scholes option-pricing model is \$21,723.

**EXPEDITION MINING INC.**  
**MANAGEMENT DISCUSSION & ANALYSIS**

**For the Nine Months Ended June 30, 2011**

**Directors and Officers as at August 24, 2011**

**Directors:**

Ron Atlas  
Steve Chan  
John Hite  
Corry Silbernagel  
Bert Jeffries

**Officers:**

President – Ron Atlas  
C.F.O. – Jorge Avelino  
Executive Vice-president – Bill Galine

**Contact Names:**

Bill Galine  
Jorge Avelino

**Telephone Number:**

604-662-3903

**Fax Number:**

604-662-3904

**EXPEDITION MINING INC.****MANAGEMENT DISCUSSION & ANALYSIS**

For the Nine Months Ended June 30, 2011

**1.1 Date of This Report****August 24, 2011**

*This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

**1.2 Overall Performance***Description of Business*

Expedition Mining Inc. is involved in the acquisition, exploration and development of mineral properties. The Company has mineral properties interest in the Joy and Mt. Mervyn properties both located in the White Gold District, Yukon Territory, which are in the exploration and development stages.

During the nine months ended June 30, 2011, the Company continued to actively review and assess alternative mineral properties in North America for possible acquisitions with a view of enhancing shareholder value.

**1.3 Selected Annual Information**

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	<u>Sept. 30, 2010</u>	<u>Sept. 30, 2009</u>	<u>Sept. 30, 2008</u>
(a) Total income	\$661,390	\$93,273	\$25,989
(b) Loss before other items			
(i) Total loss	\$528,666	\$633,226	\$573,604
(ii) Loss per share – basic	\$0.00	\$0.01	\$0.01
(iii) Loss per share – diluted	\$0.00	\$0.01	\$0.01
(c) Net loss			
(i) Total loss	\$64,292	\$5,614,237	\$8,052,251
(ii) Loss per share – basic	\$0.00	\$0.12	\$0.18
(iii) Loss per share – diluted	\$0.00	\$0.12	\$0.18
(d) Total assets	\$3,027,768	\$3,626,402	\$8,536,769
(e) Total long-term liabilities	-	-	-

## 1.4 Results of Operations

### *Discussion of Acquisitions, Operations and Financial Condition*

The following should be read in conjunction with the consolidated financial statements of the Company and notes attached hereto.

#### Results of Operations

During the nine months ended June 30, 2011, the Company reported a net loss of \$1,598,993 as compared to net income of \$474,294 for the nine months ended June 30, 2010. The increase (\$1,124,699) is specifically related to the write-off of mineral properties (\$1,132,474). Operating expense for the nine months ended June 30, 2011 was \$366,402 as compared to \$406,168 for the nine months ended June 30, 2010. The most significant decrease was in legal expense, which decreased by \$59,094. In the previous period, the Company was involved in Crosshair law suit, which was settled in April of 2010.

Operating expenses decreased by \$39,766 as per table below:

Expenses Category	30-Jun-11	30-Jun -10	Increase (Decrease)
- Bank charges & interest	644	9,676	(9,032)
- Consulting fees	300	-	300
- Corporate & admin	30,378	4,788	25,590
- Directors' fees	18,565	16,710	1,855
- Filing fees & transfer agent fees	21,095	13,334	7,761
- Legal & accounting	55,648	114,742	(59,094)
- Management fees	149,192	154,587	(5,395)
- Office rent, services & supplies	43,673	56,870	(13,197)
- Property investigation		2,998	(2,998)
- Shareholders' information	31,465	22,172	9,293
- Travel, meals & entertainment	15,442	10291	5,151
Total	366,402	406,168	(39,766)

The following are the explanations for the changes:

- Interest expense decreased by \$9,032 – In the comparative figure, the Company incurred \$9,534 interest expense from the Canaccord loan, which was secured by the Asset-Back Paper.
- Corporate & admin increased by \$25,590 – During the current period, the Company engaged the services of an additional corporate & admin person for \$2,000 per month.
- Directors' fees increased by \$1,855 – This increase is due to timing difference.
- Filing fees & transfer agent fees increased by \$7,761 – Although the increase is insignificant, this was due to the private placement and the annual general meeting during the period .
- Legal and accounting expense decreased by \$59,094 – In the comparative 2009 figures, the Company was involved in the Crosshair lawsuit, which was eventually settled in April 2010.
- Management fees decreased by \$5,395 – The president is paid in US\$ and the decrease is due to the foreign exchange rate.
- Office expenses and salaries decreased by \$13,197 – The decrease is due to reclassification. In the comparative period, the person in charge of corporate and admin was under the payroll. The replacement person is a consultant (see above).
- Shareholders information, travel and entertainment increased by \$14,444 – The increase is due to increased activities (see breakdown below).

## 1.4 **Results of Operations** (continued)

### *Discussion of Acquisitions, Operations and Financial Condition (continued)*

#### Shareholders Communication and Travel

The Company reported shareholders communication and travel expenses totaling \$12,650 (2009 - \$10,441) and broken down as follows:

	30-Jun-11	30-Jun -10
Communication & information	\$ 3,4560	\$ 1,370
Conferences & shows	2,250	-
Press releases	3,561	2,208
Printing, mail-out & supplies	2,727	9,247
Telephone & website	19,471	9,347
Travel & promotion	15,442	10,291
	<hr/>	<hr/>
	\$ 46,907	\$ 32,463

### 1.4.1 **Summary of Quarterly Results**

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	<u>Q3 30-Jun-11</u>	<u>Q2 31-Mar-11</u>	<u>Q1 31-Dec-10</u>	<u>Q4 30-Sep-10</u>
Net Income (loss)	(1,699,493)	(744,708)	845,208	410,002
Per Share	(0.03)	(0.02)	0.02	0.01
	<u>Q3 30-Jun-10</u>	<u>Q2 31-Mar-10</u>	<u>Q1 31-Dec-09</u>	<u>Q4 30-Sep -09</u>
Net Income (loss)	(518,962)	463,619	(418,951)	(5,129,482)
Per Share	(0.01)	0.01	(0.01)	(0.10)

#### *Discussion*

#### Nine months ended June 30, 2011:

For the nine months ended June 30, 2011, please refer to Section 1.4 Results of Operations.

## **MINERAL PROPERTIES**

### **Yukon Properties**

#### **Joy Property**

On November 18, 2010, the Company entered into an option agreement pursuant to which it can acquire a 100% interest in the Joy gold property from Bullrun Investments Inc. The property is located on a 16 km x 5 km claim block (128 claims) 60 km northeast of Keno City, central Yukon.

The area covered by the Joy claim block was the subject of a Yukon Geological Survey (YGS 2010) project whereby the YGS completed a summer program of mapping and soil sampling. The summer long YGS program included detailed (~ 1:50K scale) bedrock mapping plus a very coarse ridge and spur soil sampling program (~ 500 m spacing). The Yukon Geological Survey presented the results of the Mt. Mervyn (Joy claims area) soil survey and preliminary bedrock mapping results at the Yukon Geoscience Forum on November 23, 2010.

## **MINERAL PROPERTIES (continued)**

### **Yukon Properties**

#### **Joy Property** (continued)

##### The Agreement

Cash:	\$75,000 within five days of signing the Option Agreement (paid) \$25,000 on or before May 1, 2011 (paid) \$50,000 on or before December 1, 2011
Common Shares:	250,000 common shares within five days of the TSX Venture acceptance of the Option Agreement (issued) 250,000 common shares on or before January 10 2011 (issued) 500,000 common shares on or before July 1, 2011 (issued)
Cash or Shares:	\$150,000 cash or stock at the Company's option on or before May 1, 2012 \$150,000 cash or stock at the Company's option on or before May 1, 2013
Feasibility Study:	Payment of \$250 000, in cash or common stock in the Company at the Company's option on the earlier date of the sixth anniversary of the agreement or upon receipt by the Optionee of a NI 43-101 report indicating a resource of a minimum 500,000 contained ounces of gold on the property.
Work Program:	Minimum of \$200,000 on or before December 31, 2011 (incurred \$119,227) A further \$300,000 on or before December 31, 2012 A further \$500,000 on or before December 31, 2013
NSR:	The Optionor will have a 2% net smelter returns Royalty on the Property. The NSR Royalty may be reduced to 1% by the payment of \$1,000 000 to the Optionor.

On November 26, 2010, the TSX Venture Exchange approves the property transaction.

#### **Mt. Mervyn**

On April 12, 2011, the Company entered into an option agreement pursuant to which it can acquire a 100-per-cent interest in the Mt. Mervyn gold property from Paul Dadwal. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims, approximately 6,564 hectares (65.64 sq kilometres). The agreement was approved by the TSX Venture Exchange on April 18, 2011.

In order to exercise its option under the option agreement, the Company must make payments and issue shares as set below.

Cash:	\$75,000 within five business days after Exchange Acceptance Date (paid) \$75,000 on or before June 1, 2011 (paid)
Common Shares:	250,000 within business days after Exchange Acceptance Date (issued) 250,000 on or before June 1, 2011 (issued) 250,000 on or before October 1, 2011 250,000 on or before March 31, 2012

## **MINERAL PROPERTIES (continued)**

### **Yukon Properties**

#### **Mt. Mervyn** (continued)

Net Smelter Returns Royalty (NSR):

The optionor will have a 2-per-cent net smelter royalty on the property. The NSR may be reduced to 1-per-cent by the payment of \$1-million to the optionor.

The Company is committed to make the initial payment of \$75,000 (subsequently paid) and the initial issuance of 250,000 common shares (subsequently issued) once the title to the claims comprising the Mt. Mervyn property is recorded in the Company's name. The other payments and share issuances are optional.

The above transaction received the approval of the TSX Venture Exchange on April 18, 2011.

#### **Brew Property – Yukon**

On May 4, 2010, the Company announced the completion of an option and joint venture agreement with Aldrin Resource Corp. ("Aldrin"), whereby the Company can earn a 50% interest in Ryanwood Exploration's Brew property. The Brew property is located in the White Gold District, Yukon Territory.

The Company may acquire its 50% interest in the Brew property over a three year period subject to the following:

- a) Pay Aldrin \$125,000 on or before December 31, 2010 (paid);
- b) Pay Ryanwood:
  - (i) \$75,000 on or before June 26, 2010 (paid);
  - (ii) \$75,000 on or before June 26, 2011;
  - (iii) \$75,000 on or before June 26, 2012; and
  - (iv) \$75,000 on or before June 26, 2013;
- c) Incur expenditures:
  - (i) \$300,000 on or before November 15, 2010 (incurred);
  - (ii) \$400,000 on or before November 15, 2011; and
  - (iii) \$650,000 on or before November 15, 2012.

In addition, the Company will pay Aldrin 50% of the Aldrin shares issuable by Aldrin to Ryanwood. The payments in respect of the Aldrin shares are capped at \$156,250 for 2011 and at \$187,500 for 2012 and 2013 and these payments may be paid either in cash or by the issuance of the Company's shares at the Company's option. If the Company chooses to issue the Company's shares, a 10% premium will be paid.

The above transaction received the approval of the TSX Venture Exchange on May 5, 2010.

In June, 2010 the Brew claim block was expanded by staking an additional 176 quartz claims to add to the original 168 claims staked in 2009 by Dawson prospector Shawn Ryan. The additional claims double the Brew property size to approximately 70 square kilometres or 17,250 acres.

## **MINERAL PROPERTIES (continued)**

### **Updates on the Yukon Properties**

On May 10, 2011, the Company announced that it had begun an airborne time-domain electromagnetic survey over the Joy and Mt. Mervyn properties. On June 20, 2011, the Company announced the completion of 1073 line-km of high-resolution, airborne time-domain electromagnetic and magnetic surveys over the Joy and Mt. Mervyn properties.

Complete coverage at 100 m line spacing of the two properties was flown with the SkyTEM helicopter-borne system, comprising 356 line-km on the Joy and 717 line-km on the Mt. Mervyn. Preliminary results from the airborne survey suggest that both properties contain significant east-west trending structural zones located between and parallel to the Kathleen Lake fault and the Dawson thrust. These structural features appear to bound the rock units hosting mineralization at Rau and Osiris. Several north-south features have also been identified that intercept the large scale east-west structural zones. These are interpreted to be late-stage faults similar in setting to those hosting mineralization at the Osiris Showing. Additionally a magnetic signature associated with a mapped ultramafic unit on the Joy property both delineates a large east-west structural zone and offers listwanite-hosted gold as a secondary target type. These geophysical anomalies will be followed-up with focused geochemical surveys and geological mapping during the 2011 summer exploration program. The surface exploration programs are designed to rapidly advance any new discoveries to the drilling stage.

On June 23, 2011, the Company announced the commencement of the 2011 work program on the Joy and Mt. Mervyn properties located along the Rackla Gold Belt in the Yukon. A helicopter supported camp has been set up on the Joy property at a location close to the Rackla River airstrip to facilitate logistical support. The Joy camp will serve as a central base camp for exploration work carried out on both projects.

The 2011 work program consists of detailed ground follow-up of prospective targets identified by the recently completed airborne EM and magnetic survey. This survey (News Release June 20, 2011) was successful in delineating numerous highly prospective anomalies on both the Joy and the Mt. Mervyn projects. The first phase of the 2011 field work consists of stream sediment sampling and prospecting. This will be followed up with geological mapping, rock and soil sampling over areas that return elevated metal values in stream samples.

Geological and logistical support for the Joy and Mt. Mervyn program is being provided by Aurora Geosciences.

On August 18, 2011, the Company announced the results from the Phase I work program on the Joy property located in the Rackla Gold Belt in the Yukon. This work consisted of mapping, prospecting, stream sediment sampling and rock sampling from a helicopter supported camp on the Joy property.

The Phase I work program was guided by an airborne geophysical survey which was flown in the spring of 2011. The Joy property survey demonstrated that the strongest geophysical anomalies are east-west trending and appear to coincide with the projected locations of the Kathleen Lakes fault and the Dawson thrust fault. The majority of the secondary drainages in this area are north-south trending providing good sections and exposure through the stratigraphic sequence.

The stream sampling program included a series of Bulk Leachable Extractable Gold (BLEG) samples which gave a lower detection limit and greater sensitivity of analyses. In this area not all streams are amenable to BLEG sampling due to the high topographic gradient and active water flow which flushes out the fine sediment required for this form of sampling. A total of 91 stream, 7 BLEG, and 46 rock samples were collected from the Joy property and analysed for gold and a 51 element ICP package at AGAT Laboratories in Mississauga, Ontario.

## MINERAL PROPERTIES (continued)

### Updates on the Yukon Properties (continued)

The majority of the streams drain to the north, and anomalous values were derived from all of these drainages. Only three drainages occur on the southern flank of the property, which also returned locally anomalous results in arsenic and mercury. Anomalous values are considered to be anything over the 95th percentile of values for that element. Several samples contained statistically anomalous gold values which correlate with the multi-element anomalies. The following table highlights the most significant results.

Table 1: Significant Stream Sediment Samples

Sample	Au	Ag	As	Cd	Co	Cr	Cu	Hg	Ni	Sb	Tl	Zn
Number	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
5267362		0.09	4.0	0.11	<b>61.1</b>	<b>486</b>	35.9	0.04	<b>1133</b>	0.3	0.04	69
5267384	5.93	0.06	7.6	0.04	<b>80.9</b>	<b>639</b>	13.2	0.01	<b>1830</b>	0.0	0.01	22
5267387		<b>1.30</b>	<b>62.9</b>	<b>2.94</b>	12.8	68	64.8	0.51	143	<b>4.5</b>	<b>0.40</b>	<b>599</b>
5267389		<b>0.96</b>	<b>62.0</b>	<b>6.98</b>	11.2	42	77.1	0.50	109	<b>4.6</b>	0.36	<b>649</b>
5267390	6.36	0.40	21.0	1.60	23.0	99	76.0	0.20	119	<b>1.8</b>	0.30	<b>310</b>
5267391	7.14	<b>0.84</b>	25.8	1.92	19.2	41	<b>176.0</b>	0.37	53	<b>2.8</b>	<b>0.41</b>	291
5267393	8.88	<b>0.89</b>	31.1	<b>2.54</b>	19.7	30	<b>156.7</b>	0.36	70	<b>2.8</b>	<b>0.49</b>	261
5267195		0.38	18.2	0.72	<b>42.2</b>	<b>308</b>	46.3	<b>4.63</b>	617	1.2	0.19	130
5267196	17.2	0.40	25.0	<b>2.20</b>	39.0	<b>254</b>	45.0	<b>1.00</b>	485	1.4	0.20	<b>406</b>
5267204		0.52	20.1	<b>2.30</b>	13.4	45	45.2	0.20	93	1.5	0.25	2
5267205		<b>0.60</b>	29.9	1.68	15.5	59	41.1	0.23	121	1.5	0.18	2
5267209	14.1	0.27	17	0.60	17	35	44	0.4	63	0.8	<b>1.00</b>	1
5267233	10.6	<b>0.60</b>	14	0.50	12	16	34	0.2	29	0.4	0.10	153
95th %	5	0.60	49.0	2.20	42.0	254	80.0	0.70	631	1.7	0.40	305

The strongest multi-element anomalies are located in the northwest and northeast corners of the property from streams that drain an easterly trending ridge through the centre of the claim block. Initial reconnaissance mapping suggests that the stratigraphic units in the area may have an east-west orientation as demonstrated by the geophysical results.

The rock sampling results completed to date have corroborated the stream sediment sampling. Sulphide bearing outcrops in the northwest of the property have been named the Virga showing. This drainage also contained strongly anomalous sediment samples, indicating that the geochemical program is an effective tool in this environment. Rock samples 5267332 to 337 in the table below are from the Virga showing, which appears to be underlain by sediments and ultramafic units.

## MINERAL PROPERTIES (continued)

### Updates on the Yukon Properties (continued)

Table 2: Rock Sample Results

Sample	Ag	As	Cd	Cr	Cu	Hg	Ni	Pb	Sb	Tl	Zn
Number	ppm	ppm	ppm	ppm	Ppm	ppm	ppm	ppm	ppm	ppm	ppm
5267332	0.05	1.2	0.02	<b>1260</b>	6.4	<0.01	<b>1790</b>	2.9	0.28	0.05	21.1
5267333	0.03	97.1	0.01	353	2.5	<b>2.69</b>	142	3.4	11.7	0.24	15.6
5267334	0.06	<b>1920</b>	0.02	271	3.1	<b>6.71</b>	355	1.3	<b>50.7</b>	<b>2.74</b>	11.8
5267335	0.19	<b>1770</b>	0.51	<b>992</b>	13.8	2.31	2140	8.4	<b>34.3</b>	<b>0.77</b>	91.1
5267336	<b>5.11</b>	<b>3670</b>	<b>595</b>	665	199	<b>82.5</b>	642	<b>5.24%</b>	<b>89.5</b>	<b>0.61</b>	<b>8.51%</b>
5267337	0.28	<b>658</b>	<b>5.72</b>	12.5	9.2	0.62	79.7	<b>113</b>	1.47	0.07	<b>505</b>
5267276	0.56	252	<b>7.06</b>	174	27.4	<b>3.32</b>	328	<b>769</b>	13.7	0.04	63.2
5267277	0.02	0.9	0.02	<b>1290</b>	1	0.02	<b>1870</b>	1.7	<0.05	<0.02	23.1
5267289	0.44	4.5	0.19	882	<b>3810</b>	0.02	<b>1040</b>	1.5	0.05	0.03	136
95th %	0.56	592	3.9	914	184	2.6	1532	75	29	0.48	348

A fully winterized camp has been established to support the current Phase II work program. This program will include mapping and rock sampling, along with both grid and contour soil sampling to further refine the nature of the known showings, along with additional prospecting to evaluate the remainder of the property. Geological and logistical support for the program is being provided by Aurora Geosciences.

The Company also completed field work on the Mt. Mervyn property and results are expected shortly. The Mt. Mervyn property is comprised of 314 unpatented mining claims, approximately 6,564 hectares (65.64 sq km), and located in the Mayo Mining District of central Yukon. It is five kms from ATAC Resources' Rau Gold Property, where Carlin-type gold mineralization has been discovered, and adjacent to Strategic Metal's claim block.

During the period ended June 30, 2011, the directors and management reviewed the recent assay results and the commitments to be incurred in the Brew Property and on June 22, 2011, the Company formally terminated the agreement with Aldrin.

### **Tact & Buff properties - Nevada**

On June 20, 2011, the Company informed NMP of their decision to stop all expenditures on the property but will continue to find NMP a new joint venture partner. On June 27, 2011, the Company engaged Ranchers Exploration to reclaim all disturbances in the property. The Company wrote-off all expenditures incurred in the property.

## MINERAL PROPERTIES EXPENDITURES

Details of deferred exploration costs for the property are as follows:

	Balance 30-Sep-10	Additions during the period	Write-off during the period	Balance 30-Jun-11
<b>Tact &amp; Buff, Nevada</b>				
Acquisition costs	31,908	-	(31,908)	-
Deferred Expenses				
- Advances	-	-	-	-
- Assays & Sampling	29,810	-	(29,810)	-
- Claims & staking maintenance	99,260	502	(99,762)	-
- Consultants	115,428	-	(115,428)	-
- Drilling	149,841	-	(149,841)	-
- Field office & admin	232	-	(232)	-
- Fieldwork & supplies	12,750	-	(12,750)	-
- Maps & reports	10,566	-	(10,566)	-
- Royalty (advance)	10,802	-	(10,802)	-
- Site reclamation	17,866	16,407	(33,933)	-
- Site visits	10,096	-	(10,096)	-
<b>Total Tact &amp; Buff</b>	<b>488,579</b>	<b>16,549</b>	<b>(505,128)</b>	<b>-</b>
<b>Brew Property, Yukon</b>				
Acquisition costs	75,000	125,000	(200,000)	-
Deferred Expenses				
- Assays	43,610	22,143	(65,753)	-
- Claims & staking maintenance	20,120	-	(20,120)	-
- Consulting	11,699	3,687	(15,386)	-
- Drilling	-	54,049	(54,049)	-
- Field work and supplies	1,148	4,108	(5,256)	-
- Legal	6,665	112	(6,777)	-
- Mobilization/Demobilization	62,173	48,591	(110,764)	-
- Site visits	314	1,102	(1,416)	-
- Soil sampling	130,865	16,960	(144,492)	-
<b>Total Brew</b>	<b>351,594</b>	<b>275,752</b>	<b>(627,346)</b>	<b>-</b>
<b>Joy Property, Yukon</b>				
Acquisition costs	-	325,000	-	325,000
Deferred Expenses				
- Consulting	-	887	-	887
- Data acquisition	-	32,364	-	32,364
- Field work & supplies	-	5,230	-	5,230
- Geophysics	-	34,091	-	34,091
- Helicopter	-	24,041	-	24,041
- Legal	-	14,997	-	14,997
- Mobilization	-	7,617	-	7,617
<b>Total Joy</b>	<b>-</b>	<b>444,227</b>	<b>-</b>	<b>444,227</b>

## MINERAL PROPERTIES EXPENDITURES (continued)

	Balance 30-Sep-10	Additions during the period	Write-off during the period	Balance 30-Jun-11
<b>Mt. Mervyn Property, Yukon</b>				
Acquisition costs	-	312,500	-	312,500
Deferred Expenses				
- Consulting	-	887	-	887
- Data acquisition	-	48,546	-	48,546
- Field work & supplies	-	7,845	-	7,845
- Geophysics	-	50,112	-	50,112
- Helicopter	-	36,062	-	36,062
- Legal	-	10,818	-	10,818
- Mobilization	-	11,426	-	11,426
<b>Total Mt. Mervyn</b>	<b>-</b>	<b>478,196</b>	<b>-</b>	<b>478,196</b>
<b>TOTAL RESOURCE PROPERTIES</b>	<b>840,173</b>	<b>1,203,009</b>	<b>(1,120,759)</b>	<b>922,423</b>

### 1.5 Liquidity

Expedition Mining Inc. is a mining exploration and development company with no producing resource properties, and consequently, no current operating income or cash flow.

In management's view, given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the acquisition of a viable property and the discovery of economically recoverable reserves. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

At June 30, 2011, the Company had \$3,704,381 in cash and deposits. The Company has no revenue generating projects at this time. The Company's historical capital needs have been met by equity subscriptions. As at June 30, 2011, the Company had working capital of \$3,477,464 (September 30, 2010 - \$898,510).

#### Cash and cash equivalents

	30-Jun-11	30-Sep-09
Cash deposits with Bank of Montreal	\$ 201,521	\$ 71,245
Cash deposits with Canaccord Capital	-	10,022
GIC with Bank of Montreal & HSBC	3,502,860	908,122
<b>Total cash and cash equivalents</b>	<b>\$ 3,704,381</b>	<b>\$ 989,389</b>

## 1.5 Liquidity (continued)

### Credit Risk

As at June 30, 2011, the Company reported total other assets of \$Nil (September 30, 2010 - \$1,032,900) as follows:

	Nine months ended June 30, 2011			
	Fair Value 30-Sep-10 \$	Write-up to Fair Value \$	Securities sold during the period \$	Fair Value 30-Jun-11 \$
Crosshair Exploration & Mining Corp.	1,032,900	434,627	(1,467,527)	-
	Year Ended September 30, 2010			
	Fair Value 30-Sep-09 \$	Write-down to Fair Value \$	Securities sold during the period \$	Fair Value 30-Sep-10 \$
Asset Backed Commercial Paper	139,095	-	(139,095)	-
Crosshair Exploration & Mining	1,643,120	(156,428)	(453,792)	1,032,900
	1,782,215	(156,428)	(592,887)	1,032,900

On December 21, 2010, Crosshair announced that effective immediately, the common shares of Crosshair were consolidated on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common share. As a result, the warrants (1,875,000 post-consolidation), which expire on July 29, 2011, have an exercise price of \$4.00 per common share.

During the first quarter ended December 31, 2010, the Company sold a total of 2,783,500 Crosshair shares, with prices ranging from \$0.19 to \$0.47 for gross proceeds of \$803,703, leaving a balance of 1,911,500 pre consolidation shares (477,875 post consolidation shares). As at December 31, 2010, the value of the shares was reported at the closing price of \$2.49.

During the second quarter ended March 31, 2011, the Company sold all the remaining Crosshair shares (477,875), with prices ranging from \$1.08 to \$2.34 for gross proceeds of \$788,549. As at March 31, 2011, the closing price of Crosshair shares was \$1.12.

### Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company faces certain foreign exchange risks related to expenses and deferred exploration costs incurred in U.S. dollars, a currency which may appreciate against the Canadian dollar, the Company's reporting currency. Additionally, net working capital balances denominated in non-reporting currencies are also subject to fluctuations in value. The Company mitigates these threats by limiting its exposure to such balances where their expenditure in the same non-reporting currency is not imminent.

### Commitments

The Company has certain work commitments on their mineral property interests as discussed in Section 1.5 and Notes 6 and 8 of the Financial Statements.

## 1.6 Capital Resources

The Company's capital resources are its mineral properties, with a historical cost of \$922,423 (\$840,173 – September 30, 2010) and its fixed assets (computers & office equipment) with a book value of \$21,886 (\$22,720 – September 30, 2010).

## 1.7 Off Balance Sheet Arrangements

There is no off-balance sheet arrangements to which the Company is committed.

## 1.8 Third Quarter

The third quarter results do not differ significantly from other quarters with the exception of the write-off of mineral properties (\$1,132,474).

## 1.9 Transactions with Related Parties

During the nine months ended June 30, 2011, the Company was charged the following amounts by directors and officers or by companies controlled by the director or officers:

	Nine Months Ended	
	30-Jun-11	30-Jun -10
Management fees		
- President	\$ 90,692	96,087
- Vice-president	58,500	58,500
Directors fees	18,565	16,710
Accounting fees	49,255	44,177
<b>Total</b>	<b>\$ 217,012</b>	<b>215,474</b>

## 1.10 Proposed Transactions

N/A

## 1.11 Critical Accounting Estimates

None

## 1.12 Adoption of new accounting standards

### **Goodwill and Intangible Assets**

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company has evaluated this new section and has determined that the adoption of these new requirements has not had an impact on the Company's financial statements.

### **Section 3862, "Financial Instruments—Disclosure" and CICA Handbook Section 3863, "Financial Instruments—Presentation"**

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require additional disclosures about fair value measurements. These amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009.

## 1.12 Adoption of new accounting standards (continued)

This disclosure requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

### **Section 3862, “Financial Instruments—Disclosure” and CICA Handbook Section 3863, “Financial Instruments—Presentation”**

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data

A table providing the classification of the Company’s investments within the fair value hierarchy is shown in note 9 to the interim financial statement.

### **New Canadian Accounting Pronouncement**

#### **International Financial Reporting Standards (“IFRS”)**

The Canadian Accounting Standards Board has confirmed that effective on January 1, 2011, IFRS will replace Canadian Generally Accepted Accounting Policies (GAAP) as the basis for accounting for publicly accountable enterprises. The first period reported under IFRS by the Company will be the three month period ended December 31, 2011 and the Company’s first fiscal year end date under IFRS will be the fiscal year ending September 30, 2011.

The change from Canadian GAAP to IFRS will be a significant undertaking and may have significant effects on the Company’s accounting, internal controls, disclosure controls and financial statement presentation.

#### Design and planning

The Company commenced transition plan development in January 1, 2011. The Company has determined its preliminary IFRS policy decisions and significant expected accounting differences, based on an analysis of the current IFRS standards, and the following section outlines each of these. Although the Company has identified key accounting policy differences, and the impact of these differences to its financial statements has been determined by the Company to be minimal, as the conversion work continues additional differences between Canadian GAAP and IFRS may be identified. Decisions with respect to accounting policy changes, outlined below, may change once management has quantified and thoroughly analyzed the effects of such changes and has presented them for final review and approval by the Company’s Audit Committee.

#### First-time Adoption of IFRS (IFRS 1)

In the first year of transition to IFRS, a company is allowed to elect certain exceptions from IFRS in order not to apply each IFRS on a retrospective basis. IFRS 1 has certain mandatory exemptions as well as limited optional exemptions. Based on analysis to date, the Company expects to apply the following optional exemptions under IFRS 1 that will be significant in preparing the financial statements under IFRS:

## 1.12 Adoption of new accounting standards (continued)

### New Canadian Accounting Pronouncement (continued)

#### International Financial Reporting Standards (“IFRS”) (continued)

##### Business Combinations

A company may elect, on transition to IFRS, to either restate all past business combinations in accordance with IFRS 3 “Business Combinations” or to apply an optional exemption from applying IFRS 3 to past business combinations. The Company will elect, on transition to IFRS, to apply the optional exemption such that transactions entered into prior to the transition date of October 1, 2010 will not be restated.

##### Share-Based Payments

A company may elect not to apply IFRS 2 “Share-Based Payments” to equity instruments which vested before the transition date to IFRS. The Company will elect, on transition to IFRS, to apply the optional exemption such that equity instruments which vested prior to the transition date of October 1, 2010, will not be restated.

##### Accounting policies

The Company has determined that the main impact of IFRS on the Company will involve a significant increase in note disclosure as well as certain presentation differences.

##### Property, plant and equipment

Although the design stage is not completed yet, the Company is not expecting to apply the fair value method to determine the deemed opening cost under IFRS which is one of the significant IFRS1 exemptions.

##### Property, plant and equipment

The accounting policy of the Company will be amended to:

- Review useful life, residual value and method of depreciation on an annual basis. Identify all significant components and their respective useful lives.
- Capitalize major maintenance and replacement of significant parts and derecognize the carrying value of the replaced parts.
- Include constructive obligations for significant dismantling and removal costs.

##### Mineral properties

No change in current measurement or accounting policies on transition to IFRS.

##### Financial instruments

The accounting policy of the Company will be amended to:

- Include changes to impairments of financial assets and their possible reversal.
- Detail the conditions that need to be met for the designation of a financial instrument as “fair value through profit and loss”.

##### Impairment of assets

The accounting policy of the Company will be amended to:

- Change the assessment method of whether impairment exists. The two step approach allowed under Canadian GAAP is not acceptable under IFRS. Therefore, the discounted cash flows are taken as an indication to determine impairment.

## 1.12 Adoption of new accounting standards (continued)

### **New Canadian Accounting Pronouncement** (continued)

### **International Financial Reporting Standards (“IFRS”)** (continued)

#### Share-based payments

Canadian GAAP allows certain policy choices in the calculation of stock based compensation. The Company currently amortizes grants in their entirety on a straight-line basis over the vesting term. IFRS standards require each tranche in the grant to be amortized over its respective vesting period. As a result of these changes, share-based compensation expense will be accelerated under IFRS. In addition, unvested options at October 1, 2010 will be re-valued under IFRS, with consequent adjustments to opening retained earnings.

#### Provisions & Contingencies (including Asset Retirement Obligation)

The accounting policy of the Company will be amended to:

- Include constructive obligations. Under IFRS, a provision is recognized if it is probable, which is further defined in the standard as more likely than not, that an outflow of economic resources will be required to settle a legal obligation (e.g. a legal claim) or a constructive obligation (i.e. an obligation which arises when an entity, by past practice or public statement, has created an expectation in other parties that it will carry out an action).
- Adjust for discount rate, and timing of cash flow, changes at each reporting period.

#### First-time Adoption of IFRS (IFRS 1)

This list should not be regarded as a complete list of changes that will result from transition to IFRS. It is intended to highlight those areas we believe to be most significant; however, our analysis of possible changes is still in process and not all decisions have been made where choices of accounting policies are available. Until our transition balance sheet is finalized, the Company is not able to reliably quantify the impacts expected on our consolidated financial statements for these differences.

#### Presentation and disclosure

IFRS will require more in depth disclosure. The Company has taken the necessary steps to adjust the system requirements to ensure appropriate data collection for disclosure purposes.

#### Post implementation

During this stage the Company will perform a review of the IFRS transition and ensure the preparation of financial statements in compliance with IFRS.

The Company will stay informed on the upcoming changes to the IFRS based on the projects in place or to be initiated by the International Accounting Standards Board and will adjust its plan accordingly to include all key elements to ensure its compliance during 2011.

## 1.12 Adoption of new accounting standards (continued)

### New Canadian Accounting Pronouncement (continued)

#### Adoption of new CICA Handbook standards on October 1, 2011

The Company does not intend to early adopt the new sections of the CICA Handbook relating to business combinations, consolidated financial statements or non-controlling interests because the Company will be reporting under IFRS from October 1, 2011. Therefore, the Company does not anticipate that these new sections will have an impact on the financial statements

## 1.13 Financial and Other Instruments

The carrying value of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and due from (to) related parties approximate their fair values due to the short maturity of those instruments.

## 1.14 Other

### Disclosure of Outstanding Share Capital: August 24, 2011

	Number	Book Value
Common Shares	56,360,318	24,768,751

### Disclosure of Outstanding Stock Options: August 24, 2011

	Number	Weighted Average Price
Incentive Stock Options	5,055,000	\$0.25

### Disclosure of Outstanding Share Purchase Warrants: August 24, 2011

	Number	Weighted Average Price
Share Purchase Warrants	3,521,875	\$0.39

### Disclosure Controls and Procedures

It should be noted that pursuant to Multilateral Instrument 52-511 (adopted by the British Columbia Securities Commission on November 23, 2007), that the officers of the Company are no longer required to certify the effectiveness of disclosure controls and procedures used by the Company, as was required in previous interim filings under National Instrument 52-109. Accordingly, the new forms of certificate to be signed by the Company's Chief Executive Officer and Chief Financial Officer contain the following Note to Reader:

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

## **1.14 Other** (continued)

### **Disclosure Controls and Procedures** (continued)

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Subsequent Events to June 30, 2011**

On August 2, 2011, the Company announced the appointment of Anthony Floyd and James Chapman to the Advisory Board to assist in the Joy and Mt. Mervyn projects and assess any future opportunities.

The Company granted 100,000 incentive stock options at an exercise price of \$0.40 per share. The options are exercisable for a period of five years, ending on July 11, 2016, and are subject to the requirements of the Exchange and the Company's Stock Option Plan.

On August 16, 2011, the Company announced that John Hite has resigned from the Board of Directors of the Company, effective September 1, 2011, due to increasing commitments in other activities. The board will be searching for a candidate to fill in the vacancy.

### **Additional information**

Additional information relating to the company is on SEDAR at [www.sedar.com](http://www.sedar.com).