JAYDEN RESOURCES INC.
(formerly Pinnacle Mines Ltd.)

Condensed Consolidated Interim Financial Statements

Second Quarter Ended June 30, 2011

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of Jayden Resources Inc. for the six months ended June 30, 2011 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

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

Jayden Resources Inc.

(formerly Pinnacle Mines Ltd.)
(Unaudited – Prepared by Management)

Condensed Consolidated Interim Statements of Comprehensive Income

	Notes	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
		$	$	$	$
Revenue	5	-	-	-	-
Other revenue and net income	5	48,417	2,278	50,682	15,454
Administrative expenses	6	(472,202)	(2,747,364)	(1,120,225)	(3,058,654)
Other operating expenses	7	(18,383)	-	(47,679)	(4,493)
Loss before income tax		**(442,168)**	**(2,745,086)**	**(1,117,222)**	**(3,047,693)**
Loss for the period, attributable to the owners of the Company		**(442,168)**	**(2,745,086)**	**(1,117,222)**	**(3,047,693)**
Other comprehensive income, including reclassification adjustments					
Gain (loss) on change in fair value of available-for-sale investments		7,986	9,990	(1,063)	23,534
		7,986	9,990	(1,063)	23,534
Total comprehensive income for the period, attributable to the owners of the Company		**(434,182)**	**(2,735,096)**	**(1,118,285)**	**(3,024,159)**
Loss per share for loss attributable to the owners of the Company					
- Basic and diluted	8	(0.0024)	(0.0179)	(0.0061)	(0.0199)

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

Jayden Resources Inc.

(formerly Pinnacle Mines Ltd.)
(Unaudited – Prepared by Management)

Condensed Consolidated Interim Statements of Financial Position

The Group	Notes	At June 30, 2011	At December 31, 2010
		$	$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	103,906	106,493
Exploration and evaluation assets	10	12,329,722	10,254,222
Deposits		67,300	40,000
		12,500,928	10,400,715
Current assets			
Other receivables		242,558	95,645
Prepaid expenses and deposits		516,216	415,742
Available-for-sale investments	11	88,593	119,156
Cash and cash equivalents		1,473,354	424,549
		2,320,721	1,055,092
Current liabilities			
Amount due to a director	12	214	130
Amounts due to related companies	12	27,740	36,043
Payables and accruals		1,302,760	433,413
		1,330,714	469,586
Net current assets		990,007	585,506
Total assets less current liabilities		13,490,935	10,986,221
Net assets		13,490,935	10,986,221
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	29,658,044	29,658,044
Share subscription received	13	3,622,999	-
Reserves	14	(19,790,108)	(18,671,823)
Total equity		13,490,935	10,986,221

These consolidated financial statements are authorized for issue by the Board of Directors on August 15, 2011. They are signed on the Company's behalf by:

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

"Herrick Lau", Director
Herrick Lau

"*David Eaton*", Director
David Eaton

Jayden Resources Inc.
(formerly Pinnacle Mines Ltd.)
(Unaudited – Prepared by Management)

Condensed Interim Statements of Financial Position

The Company	Notes	At June 30, 2011	At December 31, 2010
		$	$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	13,278	14,754
Interests in subsidiaries		11,159,593	9,577,427
		11,172,871	9,592,181
Current assets			
Other receivables		27,292	43,998
Prepaid expenses and deposits		428,348	415,608
Available-for-sale investments	11	88,593	119,156
Cash and cash equivalents		1,397,873	417,431
		1,942,106	996,193
Current liabilities			
Amount due to a director	12	214	130
Amounts due to related companies	12	13,880	22,051
Payables and accruals		451,017	421,207
		465,111	443,388
Net current assets		1,476,995	552,805
Total assets less current liabilities		12,649,866	10,144,986
Net assets		12,649,866	10,144,986
EQUITY			
Share capital	13	29,658,044	29,658,044
Share subscription received	13	3,622,999	-
Reserves	14	(20,631,177)	(19,513,058)
Total equity		12,649,866	10,144,986

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

Jayden Resources Inc.

(formerly Pinnacle Mines Ltd.)
(Unaudited – Prepared by Management)

Condensed Consolidated Interim Statements of Changes in Equity

	Shares				Fair value reserve for		
	Number of shares	Amount	Share Subscriptions Received	Share-based compensation reserve	available-for -sale investments	Accumulated losses	Total
		$	$	$	$	$	$
Balances, January 1, 2010	91,576,134	28,763,299	-	169,565	22,573	(19,240,611)	9,714,826
Rights offering, net of share issue costs of $3,684,062	91,576,134	1,959,033	-	2,384,782	-	-	4,343,815
Increase in fair value of available-for-sale investments	-	-	-	-	23,534	-	23,534
Share-based payments	-	-	-	1,631,018	-	-	1,631,018
Lapse of share options	-	-	-	(25,000)	-	25,000	-
Loss for the period	-	-	-	-	-	(3,047,693)	(3,047,693)
Balances, June 30, 2010	183,152,268	30,722,332	-	4,160,365	46,107	(22,263,304)	12,665,500
Balances, January 1, 2011	183,152,268	29,658,044	-	5,187,053	27,107	(23,885,983)	10,986,221
Warrant subscription received	-	-	3,622,999	-	-	-	3,622,999
Decrease in fair value of available-for-sale investments	-	-	-	-	(1,063)		(1,063)
Loss for the period	-	-	-	-	-	(1,117,222)	(1,117,222)
Balances, June 30, 2011	183,152,268	29,658,044	3,622,999	5,187,053	26,044	(25,003,205)	13,490,935

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

Jayden Resources Inc.

(formerly Pinnacle Mines Ltd.)
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Condensed Consolidated Interim Statements of Cash Flows

	Notes	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
		$	$	$	$
Cash flows from operating activities					
Loss for the period before income tax		(442,168)	(2,745,086)	(1,117,222)	(3,047,693)
Adjustments for:					
Depreciation	9	1,293	1,805	2,587	3,611
Bank interest income		(167)	(28)	(182)	(8,704)
Loss on disposal of available-for-sale investments	7	-	-	29,296	-
Gain on disposal of exploration and evaluation assets	5	(47,500)	-	(47,500)	-
Share-based payments		-	1,630,317	-	1,631,018
Provision for impairment loss of property, plant and equipment	7	-	-	-	4,493
Operating loss before working capital changes		(488,542)	(1,112,992)	(1,133,021)	(1,417,275)
Increase in other receivables		(182,421)	(6,956)	(146,913)	(18,844)
Increase in prepaid expenses and deposits		(4,930)	(64,171)	(100,474)	(217,422)
(Decrease)/increase in amount due to a director		(18,738)	-	84	(220)
Increase/(decrease) in amounts due to related companies		(113,605)	-	(8,171)	14,147
(Decrease)/increase in payables and accruals		(8,466)	153,785	29,810	266,416
Net cash used in operating activities		(816,702)	(1,030,334)	(1,358,685)	(1,373,198)
Cash flows from investing activities					
Exploration and evaluation assets expenditures		(1,100,934)	(261,241)	(1,236,095)	(422,221)
Proceeds from disposal of available-for-sale investments		-	-	47,704	-
Reclamation deposits received/paid		30,000	-	(27,300)	-
Interest paid/received		167	28	182	8,704
Net cash used in investing activities		(1,070,767)	(261,213)	(1,215,509)	(413,517)
Cash flow from financing activities					
Proceeds from issuance of shares		-	4,343,815	-	4,343,815
Proceeds from warrant subscription received		2,474,999	-	3,622,999	-
Net cash generated from financing activities		2,474,999	4,343,815	3,622,999	4,343,815
Net increase in cash and cash equivalents		587,530	3,052,268	1,048,805	2,557,100
Cash and cash equivalents at the beginning of the period		885,824	319,060	424,549	814,228
Cash and cash equivalents at the end of the period		1,473,354	3,371,328	1,473,354	3,371,328
Analysis of balances of cash and cash equivalents:					
Cash and bank balances		1,456,104	3,371,328	1,456,104	3,371,328
Cashable guaranteed investment certificates		17,250	-	17,250	-
		1,473,354	3,371,328	1,473,354	3,371,328

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

1. Nature and continuance of operations

Jayden Resources Inc. (formerly Pinnacle Mines Ltd.) (the "Company") was incorporated under the laws of the Province of British Columbia. On December 9, 2010, the Company graduated from the TSX Venture Exchange to the TSX Exchange ("TSE") where the shares are traded under the symbol JDN. The Company, together with its subsidiaries (collectively referred to as the "Group"), is principally engaged in the business of acquiring, exploring and developing interests in mining projects. To date, the Group has not generated revenues from its principal activities and is considered to be in the exploration stage.

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

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

The head office and principal address of the Company are located at Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9. The registered and records office are located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in note 4 of the most recent annual consolidated financial statements as at and for the year ended December 31, 2010 as filed on SEDAR at www.sedar.com. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorised for issue by the Board of Directors on August 15, 2011.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for the financial instruments classified as available-for-sale investments which are stated at fair value. The measurement bases are fully described in the accounting policies.

(c) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Canadian Dollars ("CDN$"), which is the functional currency of the Company.

2. Basis of presentation (continued)

(d) Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations as of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation

The Group's management exercises its judgement in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Group intends to derive future economic benefits from the use of these assets. The Group depreciates its property, plant and equipment in accordance with the accounting policies. The carrying amount of the property, plant and equipment is disclosed in Note 8.

Asset retirement obligations

The Group recognises the liability for an asset retirement obligation. The relevant costs in associated with the assets retirement obligations are estimated based on the Group's interpretation of current regulatory requirements. Based on the assessment, the Group did not have any significant asset retirement obligations at the reporting dates.

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Exploration and evaluation assets

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Group will take into consideration of the recoverable amounts of the relevant cash generating unit ("CGU"). After taking into account the current economic environment, the management reviews the developing projects and exploration plans and confirms that there is no indicator for impairment on the exploration and evaluation assets of the Group at the reporting dates.

Impairment of available-for-sale investments

For available-for-sale investments, a significant or prolonged decline in fair value below its cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account.

3. Changes in accounting policies

Future accounting changes

The following pronouncements from the IASB will become effective for financial reporting periods beginning on or after January 1, 2013 and have not yet been adopted by the Company. All of these new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application.

- IFRS 9, *Financial Instruments* addresses the classification and measurement of financial assets.
- IFRS 10, *Consolidated Financial Statements* builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.
- IFRS 11, *Joint Arrangements* establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled.
- IFRS 12, *Disclosure of Interest in Other Entities* provides the disclosure requirements for interests held in other entities including joint arrangements, associates, special purpose entities and other off balance sheet entities.
- IFRS 13, *Fair Value Measurement* defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.
- IAS 19, *Employee Benefits* revises the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires remeasurements of a defined benefit plan's assets and liabilities to be presented in other comprehensive income and increases disclosure.
- IAS 27, *Separate Financial Statements* revised the existing standard which addresses the presentation of parent company financial statements that are not consolidated financial statements.
- IAS 28, *Investments in Associate and Joint Ventures* revised the existing standard and prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The IASB also issued *Presentation of Items of Other Comprehensive Income,* an amendment to IAS 1 *Financial Statement Presentation.* The amendment addresses the presentation of other comprehensive income and requires the grouping of items within other comprehensive income that might eventually be reclassified to the profit and loss section of the income statement. The change becomes effective for financial years after July 1, 2012 with earlier adoption permitted.

Information on new and amended IFRSs that are expected to have an impact on the Group's accounting policies is provided in note 2(b) of the most recent annual consolidated financial statements as at and for the year ended December 31, 2010.

The directors are in the process of assessing the impact of other new or revised IFRSs upon initial adoption. So far, the directors anticipate that the application of these IFRSs is unlikely to have a significant impact on the Group's results and financial positions.

4. Segmented information

The chief operating decision-maker has been identified as the Company's directors. The Group's principal activity is acquisition, exploration and development of mineral properties. The Group did not derive any revenue from its principal activity during the periods and all of the Group's assets are held within Canada. The directors regard it as the single business segment and no segment information is presented.

5. Revenue and other revenue and net income

The Group did not derive any revenue from its principal activity during the periods. Other revenue and net income recognized during the periods is as follows:

	Three Months ended June 30,		Six Months ended June 30,	
	2011	2010	2011	2010
	$	$	$	$
Other revenue				
Bank interest income	167	28	182	8,704
Other income	750	2,250	3,000	6,750
	917	2,278	3,182	15,454
Net income				
Gain on disposal of exploration and evaluation assets	47,500	-	47,500	-
	47,500	-	47,500	-
	48,417	2,278	50,682	15,454

6. Administrative expenses

The administrative expenses for the Group are broken down as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	$	$	$	$
Depreciation	1,293	1,805	2,587	3,611
Consultant fees	21,343	37,361	38,843	60,153
Corporate administration	56,105	114,764	175,473	180,668
Net foreign exchange gain	(8,487)	(10,313)	(7,837)	(10,298)
Investor relations	48,431	22,770	118,996	62,036
Professional fees	218,677	862,974	496,457	987,407
Regulatory and shareholder services	15,691	41,536	53,971	67,051
Staff costs				
- Salaries and others	119,149	46,150	241,735	77,008
- Share-based payments	-	1,324,982	-	1,324,982
	119,149	1,371,132	241,735	1,401,990
Share-based payments to consultants	-	305,335	-	306,036
	472,202	2,747,364	1,120,225	3,058,654

7. Other operating expenses

The other operating expenses of the Group are broken down as follows:

	Three Months ended June 30,		Six Months ended June 30,	
	2011	2010	2011	2010
	$	$	$	$
Loss on disposal of available-for -sale investments	-	-	29,296	-
Repayment of tax credit	18,383	-	18,383	-
Provision for impairment loss of property, plant and equipment	-	-	-	4,493
	18,383	-	47,679	4,493

8. Loss per share

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

	Three Months ended June 30, 2011	Three Months ended June 30, 2010	Six Months ended June 30, 2011	Six Months ended June 30, 2010
Loss attributable to the owners of the Company ($)	(442,168)	(2,745,086)	(1,117,222)	(3,047,693)
Weighted average number of shares in issue during the period	183,152,268	153,485,000	183,152,268	153,485,000
Loss per share for loss attributable to the owners of the Company during the period	(0.0024)	(0.0179)	(0.0061)	(0.0199)

Diluted loss per share for the periods ended June 30, 2011 and 2010 is the same as basic loss per share as the impact of the exercise of the share options and warrants is anti-dilutive.

9. Property, plant and equipment

The Group	Other equipment	Software	Mining equipment	Building	Land	Total
Cost						
At January 1, 2010	$ 24,597	$ 4,145	$ 6,934	$ 59,100	$ 36,138	$ 130,914
Additions	3,799	-	-	-	-	3,799
At December 31, 2010 and January 1, 2011	28,396	4,145	6,934	59,100	36,138	134,713
Write-off	-	-	(6,934)	-	-	(6,934)
At June 30, 2011	$ 28,396	$ 4,145	$ -	$ 59,100	$ 36,138	$ 127,779
Accumulated depreciation and impairment losses						
At January 1, 2010	$ 10,430	$ 2,071	$ 2,441	$ 1,182	$ -	$ 16,124
Charge for the year	3,212	2,074	-	2,317	-	7,603
Impairment loss	-	-	4,493	-	-	4,493
At December 31, 2010 and January 1, 2011	13,642	4,145	6,934	3,499	-	28,220
Charge for the period	1,476	-	-	1,111	-	2,587
Write-off	-	-	(6,934)	-	-	(6,934)
At June 30, 2011	$ 15,118	$ 4,145	$ -	$ 4,610	$ -	$ 23,873
Net book value						
At December 31, 2009	$ 14,167	$ 2,074	$ 4,493	$ 57,918	$ 36,138	$ 114,790
At December 31, 2010	$ 14,754	$ -	$ -	$ 55,601	$ 36,138	$ 106,493
At June 30, 2011	$ 13,278	$ -	$ -	$ 54,490	$ 36,138	$ 103,906

9. Property, plant and equipment (continued)

The Company	Other equipment	Software	Mining equipment	Building	Land	Total
Cost						
At January 1, 2010	$ 24,597	$ 4,145	$ 6,934	$ 59,100	$ 36,138	$ 130,914
Additions	3,799	-	-	-	-	3,799
Transferred to subsidiary	-	-	-	(59,100)	(36,138)	(95,238)
At December 31, 2010 and January 1, 2011	28,396	4,145	6,934	-	-	39,475
Write-off	-	-	(6,934)	-	-	(6,934)
At June 30, 2011	$ 28,396	$ 4,145	$ -	$ -	$ -	$ 32,541
Accumulated depreciation and impairment losses						
At January 1, 2010	$ 10,430	$ 2,071	$ 2,441	$ 1,182	$ -	$ 16,124
Charge for the year	3,212	2,074	-	1,158	-	6,444
Transferred to subsidiary	-	-	-	(2,340)	-	(2,340)
Impairment loss	-	-	4,493	-	-	4,493
At December 31, 2010 and January 1, 2011	13,642	4,145	6,934	-	-	24,721
Charge for the period	1,476	-	-	-	-	1,476
Write-off	-	-	(6,934)	-	-	(6,934)
At June 30, 2011	$ 15,118	$ 4,145	$ -	$ -	$ -	$ 19,263
Net book value						
At December 31, 2009	$ 14,167	$ 2,074	$ 4,493	$ 57,918	$ 36,138	$ 114,790
At December 31, 2010	$ 14,754	$ -	$ -	$ -	$ -	$ 14,754
At June 30, 2011	$ 13,278	$ -	$ -	$ -	$ -	$ 13,278

10. Exploration and evaluation assets

The exploration and evaluation assets of the Group are all located in Canada and are comprised as follows:

Canada	Silver Coin and Kansas	Surprise Creek	Other	Total
	$	$	$	$
At January 1, 2010	8,777,156	-	17,251	8,794,407
Surveying, geological, geochemical and geophysical	702,528	-	3,950	706,478
Exploratory drilling	363,115	-	-	363,115
Land maintenance	19,443	593	-	20,036
Sampling	49,901	-	-	49,901
Assessing technical feasibility and commercial viability	320,878	65	-	320,943
Sale of mineral property	-	(658)	-	(658)
At December 31, 2010 and January 1, 2011	10,233,021	-	21,201	10,254,222
Surveying, geological, geochemical and geophysical	385,207	-	1,200	386,407
Exploratory drilling	1,342,714	-	-	1,342,714
Land maintenance	18,435	-	-	18,435
Sampling	44,254	-	-	44,254
Assessing technical feasibility and commercial viability	283,690	-	-	283,690
At June 30, 2011	12,307,321	-	22,401	12,329,722

(a) Silver Coin Property

In 2004, the Company entered into an option agreement with Mountain Boy Minerals Ltd. ("Mountain Boy") whereby the Company can acquire a 51% interest in Mountain Boy's 100% owned Silver Coin and 55% owned Dauntless projects as well as the 100% owned FR claims (collectively, the "Silver Coin Property") by spending $1.75 million on exploration on the Silver Coin Property over a three year period (incurred). In 2006, the Company earned a 51% interest in the Silver Coin Property.

In July 2009, the Company entered into an agreement with Mountain Boy to increase its ownership in the Silver Coin Property to 70% and to purchase land and buildings in Stewart, BC in return for a payment of $440,000 (paid) of which $340,000 was allocated to the Silver Coin property and $100,000 to land and buildings inclusive of goods and services tax. The Company can further increase its ownership to 80% after spending $4,000,000 on exploration and development expenditures on any or all of the Silver Coin Property and Kansas Property by July 2014. The agreement gives the Company the exclusive right to manage the project through feasibility and also to negotiate on behalf of both parties the sale of the Silver Coin Property and Kansas Property.

10. Exploration and evaluation assets (continued)

(b) Kansas Property and Summit Lake Property

In 2004, the Company entered into an option agreement with Tenajon Resources Corp. ("Tenajon") whereby the Company earned a 60% interest in Tenajon's 100% owned Kansas Property by making a cash payment of $50,000 ($25,500 paid by the Company and $24,500 paid by the joint venture partner Mountain Boy) on signing, issuing 77,000 common shares and spending $1.0 million on exploration and development.

The Kansas Property adjoins the Silver Coin Property. The expenditures incurred on the Kansas Property are included in the Silver Coin Property expenditures and are eligible for the expenditures required for the Silver Coin Property. Pursuant to an option agreement entered into with Mountain Boy in 2004, Mountain Boy will be participating in the Kansas Property and earned a 49% interest in the Company's 60% interest by making a cash payment of $24,500 upon the signing of the agreement and issuing to the Company 98,000 shares of Mountain Boy. If the Company elects to put the Kansas Property or any adjoining property into production, Mountain Boy would be reduced to owning 40% of the Company's interest.

In April 2008, the Company entered into a binding letter agreement whereby the Company purchased Tenajon's wholly owned subsidiary, 0781639 B.C. Ltd. which holds an undivided 40% ownership interest in the Kansas Property and a 100% ownership interest in the Summit Lake property. Since 0781639 B.C. Ltd.'s only asset is mineral properties and it is not considered a business, the transaction was accounted for as an asset acquisition.

On closing, the Company issued to Tenajon 13,500,000 common shares at a value of $2,430,000 and incurred related costs totalling $165,000. The Company also issued 187,500 units with a value of $37,500 in relation to this acquisition. In addition, the Company reimbursed Tenajon $15,000 for a reclamation deposit which the Company assumed and $85,000 for geological and exploration work on the Summit Lake property. The Company was also granted an option to purchase the 3% net smelter royalty ("NSR") held by Tenajon on the Summit Lake property by paying $115,000 which the Company declined.

During 2009, the Company sold the Summit Lake property and transferred the 3% NSR for a cash payment of $200,000 and wrote off the remaining carrying value of $136,457 and reclamation deposit of $15,000.

The July 2009 agreement with Mountain Boy sets the Company's interest in the Kansas Property at 70% with Mountain Boy at 30%. The Company will further increase its ownership to 80% after spending $4,000,000 on exploration and development expenditures on any or all of the Silver Coin Property and Kansas Property by July 2014.

11. Available-for-sale investments

The Group and the Company

		Fair Value
January 1, 2010		
Mountain Boy Minerals Ltd.	$	37,622
December 31, 2010		
Mountain Boy Minerals Ltd.	$	48,156
Great Bear Resources Ltd.		71,000
	$	119,156
June 30, 2011		
Mountain Boy Minerals Ltd.	$	28,593
Great Bear Resources Ltd.		60,000
	$	88,593

The fair values of the above investments have been determined by reference to their quoted bid prices at the respective reporting dates.

12. Amounts due to related companies/ a director

The Group	Notes	At June 30, 2011	At December 31, 2010
		$	$
Amounts due to related companies			
- Felder Geoscience Ltd.	1	13,353	-
- Robert Perry Consulting LLC	2	13,860	13,992
- Baron Capital Limited	3	309	53
- Other related parties		218	21,998

The Company		At June 30, 2011	At December 31, 2010
		$	$
Amounts due to related companies			
- Felder Geoscience Ltd.	1	13,353	-
- Baron Capital Limited	2	309	53
- Other related parties		218	21,998

The amounts due to related companies/a director are unsecured, interest free and repayable on demand.

(1) Felder Geoscience Ltd., a private company controlled by Robert Felder, an officer of the Company.
(2) Robert Perry Consulting LLC, a private company controlled by Robert Perry, a director of the Company.
(3) A director of Baron Capital Limited is a close family member of Ms. Letty Wan, a director of the Company.

13. Share capital

a) Authorized share capital

Authorized share capital comprises an unlimited number of common shares with no par value.

b) Issued share capital

At June 30, 2011 and December 31, 2010 there were 183,152,268 common shares issued and outstanding.

During the six months ended June 30, 2011, the Company received $3,622,999 for shares that have not been issued at June 30, 2011.

In May 2010, the Company completed a rights offering in which one right was issued for each share held, where each right entitled the holder to acquire an additional common share for $0.05. A total of 91,576,134 shares were issued raising gross proceeds of $4,578,807. Share issue costs of $3,684,062 were incurred. Progress Advanced Holdings Ltd. ("Progress Advanced") agreed to provide a standby commitment under which it would purchase any common shares that were not otherwise subscribed for under the rights offering prior to the expiry time. In consideration, Progress Advanced was granted 22,894,033 warrants where each warrant entitled the company to purchase an additional common share at $0.05 for a period of six months from the closing, subsequently extended to April 30, 2011. The fair value of these warrants was $3,449,070 which was accounted for as part of the total share issue costs.

14. Reserves

The Group

Details of the Group's reserves are set out in the consolidated statements of changes in equity.

The Company	Share-based compensation reserve	Fair value reserve for available-for-sale investments	Accumulated losses	Total
	$	$	$	$
At January 1, 2010	169,565	22,573	(19,250,561)	(19,058,423)
Rights offering	3,449,070	-	-	3,449,070
Share-based payments	1,631,018	-	-	1,631,018
Lapse of share options	(62,600)	-	62,600	-
Transactions with owners	5,017,488	-	62,600	5,080,088
Loss for the year	-	-	(5,539,257)	(5,539,257)
Other comprehensive income				
Gain on change in fair value of available-for-sale investments	-	4,534	-	4,534
Total comprehensive income for the year	-	4,534	(5,539,257)	(5,534,723)
At December 31, 2010 and January 1, 2011	5,187,053	27,107	(24,727,218)	(19,513,058)
Loss for the period	-	-	(1,117,056)	(1,117,056)
Other comprehensive income				
Loss on change in fair value of available-for-sale investments	-	(1,063)	-	(1,063)
Total comprehensive income for the period	-	(1,063)	(1,117,056)	(1,118,119)
At June 30, 2011	5,187,053	26,044	(25,844,274)	(20,631,177)

15. Share-based payments

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, may not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be ten years and the vesting is at the direction of the board, however, options granted to consultants performing "investor relations' activities" must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with TSX policies.

15. Share-based payments

Share options and weighted average exercise price for the respective periods is as follows:

	Six Months Ended June 30, 2011		Year Ended December 31, 2010	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding, beginning of period/year	13,075,000	$ 0.20	915,000	$ 0.27
Granted	-	$ -	12,250,000	$ 0.20
Expired	-	$ -	(90,000)	$ 0.70
Forfeited	-	$ -	-	$ -
Options outstanding, end of period/year	13,075,000	$ 0.20	13,075,000	$ 0.20
Options exercisable, end of period/year	13,075,000	$ 0.20	13,075,000	$ 0.20

The following table summarizes information about stock options outstanding and exercisable at June 30, 2011.

Options outstanding			Options exercisable	
Number outstanding at June 30, 2011	Expiry date	Exercise price	Number exercisable at June 30, 2011	Exercise price
255,000	October 2, 2012	$ 0.40	255,000	$ 0.40
20,000	April 3, 2013	$ 0.20	20,000	$ 0.20
550,000	September 21, 2011	$ 0.15	550,000	$ 0.15
12,250,000	June 2, 2015	$ 0.20	12,250,000	$ 0.20
13,075,000		$ 0.20	13,075,000	$ 0.20

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the option other than by issuing the Company’s shares.

No options were exercised during the period ended June 30, 2011 and the year ended December 31, 2010. The weighted average remaining contractual life of the stock options outstanding at June 30, 2011 is 3.71 years.

15. Share-based payments (continued)

Full share equivalent warrant activity for the respective periods is as follows:

	Six Months Ended June 30, 2011			Year Ended December 31, 2010		
	Number		Weighted average exercise price	Number		Weighted average exercise price
Warrants outstanding, beginning of period/year	67,894,033	$	0.12	45,000,000	$	0.15
Issued	-	$	-	22,894,033	$	0.05
Subscriptions received	(39,394,033)	$	0.09	-	$	-
Expired	-	$	-	-	$	-
Warrants outstanding, end of period/year	28,500,000	$	0.15	67,894,033	$	0.12

Full share equivalent warrants outstanding and exercisable at June 30, 2011 are as follows:

Balance at	Number of Full Share Equivalent Warrants		Price Per Share	Expiry Date
December 31, 2010	67,894,033			
	(16,500,000)	$	0.15	June 30, 2011
	51,394,033			
	(22,894,033)	$	0.05	April 30, 2011
June 30, 2011	28,500,000	$	0.15	September 30, 2011

Progress Advanced Holdings Ltd. ("Progress Advanced") agreed to provide a standby commitment under which it would purchase any common shares that were not otherwise subscribed for under the rights offering prior to the expiry time. In consideration, Progress Advanced was granted 22,894,033 warrants where each warrant entitled the company to purchase an additional common share at $0.05 for a period of six months ending November 4, 2010. The fair value of these warrants was $3,449,070 which was accounted for as part of the total share issue costs. The monies for these warrants are recorded as a share subscription received on the condensed consolidated interim statements of changes in equity. The expiry date of all outstanding warrants has been extended to September 30, 2011.

16. Related party transactions

(a) Related party expenses

In addition to the balances disclosed in Note 12 and elsewhere in these financial statements the Group entered into the following material related party transactions during the respective period/year:

Services provided for the period ended June 30, 2011	Management services	Consulting and advisory services	Rent and office expenses	Share-based payments	Share issue costs
	$	$	$	$	$
Baron Global Financial Canada Ltd. (1)	39,000	-	21,000	-	-
Baron Capital Ltd. (2)	-	119,572	-	-	-
Baron Asia Limited (4)	-	-	20,742	-	-

Services provided for the year ended December 31, 2010	Management services	Consulting and advisory services	Rent and office expenses	Share-based payments	Share issue costs
	$	$	$	$	$
Baron Global Financial Canada Ltd. (1)	78,000	-	42,000	239,506	-
Baron Capital Ltd. (2)	-	720,339	-	-	-
Progress Advanced Holdings Ltd. (3)	-	-	-	-	3,449,070
Baron Asia Limited (4)	-	-	52,817	-	-

(1) Mr. Herrick Lau Mong Tak and Mr. David Arthur Eaton, directors of the Company, were the vice president of corporate finance and managing director of Baron Global Financial Canada Ltd, respectively.

(2) Mr. Joseph Wan Chuen Chung, a close relative of Ms. Letty Wan Ho Yan, a director of the Company, has controlling equity interest in the related company.

(3) On 17 February 2010, the Company entered into a rights offering standby guarantee agreement with Progress Advanced Holdings Limited for providing underwriting services. Progress Advanced Holdings Limited is an indirect shareholder of the Company. The underwriting service was paid in form of warrants of 22,894,033 units which is exercisable at C$0.05 each for a period of six months from the closing, subsequently extended to April 30, 2011. The fair value of warrants of C$3,449,070 was recorded as part of the share issue cost.

(4) Ms. Letty Wan Ho Yan, a director of the Company, has indirect controlling equity interest in Baron Asia Limited.

According to the commercial agreements between the Company and the related companies, the transactions with Baron Global Financial Canada Ltd. and Baron Capital Limited will continue after the reporting date until the expiry of the commercial agreements. The commercial agreements for other related party transactions had been terminated during the years. The directors of the Company are of the opinion that the related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

16. Related party transactions

(b) Compensation of key management personnel

Key management personnel are the directors of the Company whose compensation included in staff costs comprised the following:

	Six Months Ended June 30, 2011	Year Ended December 31, 2010
	$	$
Employees' remuneration summary		
Salaries and others	194,502	214,962
Share-based payments	-	951,373
	194,502	1,166,335

17. Supplemental cash flow information

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	$	$	$	$
Disposal of exploration and evaluation assets in exchange for available-for-sale investments	47,500	77,000	47,500	77,000
Warrants issued for standby commitment	-	2,384,782	-	2,384,782
Mineral property expenditures included in accounts payable	797,939	44,060	865,603	8,455

18. Capital risk management

The Group's capital management objectives are to insure the Group's ability to continue as a going concern so as to benefit from its operations to provide an adequate return for its shareholders.

The Group manages its capital structure and makes adjustments to it based on the funds available to the Group in order to support the acquisition, exploration and development of mineral properties. The Group defines capital that it manages as its shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Group currently has an interest are in the exploration stage; as such, the Group has historically relied on the equity markets to fund its activities. In addition, the Group is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Group will spend its existing working capital and raise additional funds as needed. The Group will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

18. Capital risk management (continued)

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

The Group is not subject to externally imposed capital requirements.

19. Financial instruments and financial risk management

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the board of directors meets periodically to analyze and formulate measures to manage the Group's exposure to the market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

Generally, the Group employs conservative strategies when considering risk management. As the Group's exposure to the market risk is kept to a minimum level, the Group has not used any derivative financial instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed are described below. A summary of the Group's financial assets and liabilities by category is disclosed below.

(i) Currency risk

Some of the operating expenses and cash held are denominated in foreign currencies and as such are subject to currency risk. The Group does not enter into derivative financial instruments to mitigate this risk but the Group does not believe its net exposure to foreign exchange risk is significant.

Foreign currency denominated cash and cash equivalents, translated into Canadian dollars at the closing rates are as follows:

	At June 30, 2011		At June 30, 2011	
	The Group		The Company	
	USD	Other	USD	Other
	$	$	$	$
Cash and cash equivalents	4,088	222,621	3,736	222,621

	At December 31, 2010		At December 31, 2010	
	The Group		The Company	
	USD	Other	USD	Other
	$	$	$	$
Cash and cash equivalents	5,099	124,184	5,079	124,184

19. Financial instruments and financial risk management (continued…)

The following table details the Group's sensitivity to a 10% increase or decrease in the Canadian dollar against the foreign currency denominated monetary items above. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period/year for a 10% change in foreign currency rates. A positive number indicates a decrease in loss for the period/year where the foreign currencies strengthen against the Canadian dollar. The opposite number will result if the foreign currencies depreciated against the Canadian dollar.

	Six Months Ended June 30, 2011	Year Ended December 31, 2010
	$	$
The Group	(18,546)	12,928

(ii) Credit risk

The Group's cash is held in authorized Canadian financial institutions. The Group does not have any asset-backed commercial paper. Management believes that the credit risk concentration with respect to its financial instruments is minimal.

The Group adopts conservative investment strategies. Usually investments are in liquid securities quoted on recognized stock exchanges. No margin trading is allowed. Loans and financial guarantees to individuals on non-Group entities have to be approved by the board of directors. The board monitors the Group's overall investment position and exposure on a day to day basis.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has interest-bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market. The Group's operating cash flows are substantially independent of changes in market interest rates. The Group has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Group is considered minimal. The Group has no interest bearing borrowings.

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

(iv) Liquidity risk

The Group's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Group manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the board of directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risk.

19. Financial instruments and financial risk management (continued…)

(v) Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to change in market prices of listed equity in respect of its investments classified as available-for-sale investments (Note 11).

The policies to manage other price risk have been followed by the Group since prior years and are considered to be effective.

(vi) Fair value measurements recognized in the condensed consolidated statements of financial position

The Group adopted the amendments to IFRS 7, "Improving Disclosures about Financial Instruments", effective January 1, 2009. These amendments introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements. The Group has taken advantage of the transitional provisions in the amendments and accordingly, no comparatives for the hierarchy for fair value measurement disclosures have been presented.

The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statements of financial position are grouped into the fair value hierarchy as follows:

	At June 30, 2011			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Available-for-sale investments				
- listed equity securities, at fair value	88,593	-	-	88,593

	At December 31, 2010			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Available-for-sale investments				
- listed equity securities, at fair value	119,156	-	-	119,156

19. Financial instruments and financial risk management (continued…)

There have been no significant transfers between levels 1 and 2 in the respective reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. The listed equity securities are denominated in Canadian dollars. Fair values have been determined by reference to their quoted bid prices at the reporting dates.

(iv) Categories of financial assets and liabilities

The carrying amounts of the Group's and the Company's financial assets and liabilities as presented in the statements of financial position are as follows:

The Group	At June 30, 2011	At December 31, 2010
	$	$
Financial assets		
Available-for-sale investments	88,593	119,156
At amortized cost		
- Other receivables	-	2,883
Cash and cash equivalents	1,473,354	424,549
	1,561,947	546,588
Financial liabilities		
At amortized costs		
- Payables and accruals	(1,302,760)	(433,413)
- Amounts due to related companies	(27,740)	(36,043)
- Amount due to a director	(214)	(130)
	(1,330,714)	(469,586)

The Company	At June 30, 2011	At December 31, 2010
	$	$
Financial assets		
Available-for-sale investments	88,593	119,156
Cash and cash equivalents	1,397,873	417,431
	1,486,466	536,587
Financial liabilities		
At amortized costs		
- Payables and accruals	(451,017)	(421,207)
- Amounts due to related companies	(13,880)	(22,051)
- Amount due to a director	(214)	(130)
	(465,111)	(443,388)