GUYANA PRECIOUS METALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED

JUNE 30, 2011

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Management's Responsibility for Condensed Consolidated Interim Financial Statements

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

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

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

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

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

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

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

Toronto, Canada
August 12, 2011

Notice to Reader

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

GUYANA PRECIOUS METALS INC.

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

	As at June 30, 2011	As at December 31, 2010 (note 20)	As at January 1, 2010 (note 20)
ASSETS			
Current assets			
Cash and cash equivalents (note 7)	**$ 8,933,243**	$ 9,550,084	$ 2,872,044
Financial assets at fair value through profit or loss (note 8)	**338,991**	552,700	160,000
Accounts receivable and other assets (note 9)	**154,917**	58,240	68,697
Total current assets	**9,427,151**	10,161,024	3,100,741
Non-current assets			
Property and equipment (note 10)	**25,030**	29,447	42,066
Total assets	**$ 9,452,181**	$ 10,190,471	$ 3,142,807
LIABILITIES AND EQUITY			
Current liabilities			
Amounts payable and other liabilities (note 11)	**$ 657,116**	$ 653,721	$ 447,991
Capital and reserves			
Share capital (note 12)	**22,361,905**	22,361,905	18,288,328
Reserves	**9,643,176**	9,006,453	6,064,610
Deficit	**(23,210,016)**	(21,831,608)	(21,658,122)
Total capital and reserves	**8,795,065**	9,536,750	2,694,816
Total liabilities and equity	**$ 9,452,181**	$ 10,190,471	$ 3,142,807

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

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

Approved on behalf of the Board:

(Signed) "J. Patrick Sheridan" , Director

(Signed) "Alan Ferry" , Director

GUYANA PRECIOUS METALS INC.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010** (note 20)	**2011**	**2010** (note 20)
Operating expenses				
General and administrative (note 16)	**$ 472,854**	$ 122,329	**$ 979,457**	$ 232,594
Foreign exchange loss (gain)	**10,910**	(3,503)	**130,213**	603
Exploration and evaluation expenditures	**53,838**	39,588	**78,838**	64,588
Amortization	**2,208**	3,155	**4,417**	6,310
Operating loss before the following items	**(539,810)**	(161,569)	**(1,192,925)**	(304,095)
Interest and other income	**8,283**	99	**28,226**	155
Unrealized (loss) gain on financial assets at fair value through profit or loss	**(187,209)**	80,000	**(213,709)**	65,000
Net loss and comprehensive loss for the period	**(718,736)**	(81,470)	**(1,378,408)**	(238,940)
Basic and diluted net loss per post-consolidation common share (note 14)	**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.00)
Weighted average number of post-consolidation common shares outstanding (note 21(b))	**87,147,845**	52,147,845	**87,147,845**	52,147,845

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

GUYANA PRECIOUS METALS INC.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010 (note 20)
Operating activities		
Net loss for the period	**$ (1,378,408)**	$ (238,940)
Adjustments for:		
Amortization	**4,417**	6,310
Unrealized foreign exchange loss	**130,213**	-
Unrealized income (loss) on financial assets at fair value through profit or loss	**213,709**	(65,000)
Share based payments (note 13)	**636,723**	54,642
Non-cash working capital items:		
Accounts receivable and other assets	**(96,677)**	51,764
Amounts payable and other liabilities	**3,395**	72,119
Net cash used in operating activities	**(486,628)**	(119,105)
Net change in cash and cash equivalents	**(486,628)**	(119,105)
Cash and cash equivalents, beginning of period	**9,550,084**	2,872,044
Effect of foreign exchange rate fluctuation on cash held	**(130,213)**	-
Cash and cash equivalents, end of period	**$ 8,933,243**	$ 2,752,939

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

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

		Reserves			
	Share capital	Capital surplus	Warrant reserve	Deficit	Total
Balance, January 1, 2010	**$ 18,288,328**	**$ 2,525,674**	**$ 3,538,936**	**$ (21,658,122)**	**$ 2,694,816**
Share based payments	-	54,642	-	-	54,642
Loss and comprehensive loss for the period	-	-	-	(238,940)	(238,940)
Balance, June 30, 2010	**18,288,328**	**2,580,316**	**3,538,936**	**(21,897,062)**	**2,510,518**
Issue of securities, net of transaction costs	4,073,577	-	2,868,987	-	6,942,564
Share based payments	-	18,214	-	-	18,214
Income and comprehensive income for the period	-	-	-	65,454	65,454
Balance, December 31, 2010	**22,361,905**	**2,598,530**	**6,407,923**	**(21,831,608)**	**9,536,750**
Share based payments (note 13)	-	636,723	-	-	636,723
Expired warrants	-	3,538,936	(3,538,936)	-	-
Loss and comprehensive loss for the period	-	-	-	(1,378,408)	(1,378,408)
Balance, June 30, 2011	**$ 22,361,905**	**$ 6,774,189**	**$ 2,868,987**	**$ (23,210,016)**	**$ 8,795,065**

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

1. Nature of operations and going concern

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

The unaudited condensed consolidated interim financial statements of Guyana for the three and six months ended June 30, 2011 was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 12, 2011.

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

Guyana is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. The Company has incurred a loss in the current and prior periods, with a net loss for the three and six months ended June 30, 2011 of $718,736 and $1,378,408, respectively (three and six months ended June 30, 2010 - loss of $81,470 and $238,940, respectively) and has an accumulated deficit of $23,210,016 (December 31, 2010 - $21,831,608). In addition, the Company had working capital of $8,770,035 at June 30, 2011 (December 31, 2010 - $9,507,303).

While the Company has no source of revenue, it believes it has sufficient cash resources to meet its administrative overhead and maintain its mineral investments for the next two to three years, depending on future events. In order to meet future expenditures and cover administrative and exploration costs beyond that point, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company.

On July 25, 2011, the Company announced that it has received TSX Venture Exchange approval for the consolidation of the Company's issued and outstanding common shares on the basis of one new common share for every two common shares presently issued and outstanding. The consolidation became effective July 27, 2011. The share consolidation has been reflected in these condensed interim consolidated financial statements and all applicable references to the number of shares and per share information have been restated.

2. Significant accounting policies

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

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

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

2. Significant accounting policies (continued)

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

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

(b) Basis of presentation

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

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

(c) Basis of consolidation

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

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

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

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

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

2. Significant accounting policies (continued)

(d) Foreign currencies

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

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

(e) Financial Instruments

Financial assets:

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

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

Financial liabilities:

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

Other financial liabilities:

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

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

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

De-recognition of financial liabilities:

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

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(e) Financial Instruments (continued)

The Company's financial instruments consist of the following:

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

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

Impairment of financial assets:

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

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts or loan receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the unaudited condensed consolidated interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of June 30, 2011, December 31, 2010 and January 1, 2010, other than the Company's investment in Prophecy Coal Corp. ("Prophecy Coal") and Prophecy Platinum Corp. ("Prophecy Platinum"), none of the Company's financial instruments are recorded at fair value. Prophecy Coal and Prophecy Platinum common shares are considered as a Level 1 financial instrument and Prophecy Coal warrant securities are considered as a Level 3 financial instrument. As at June 30, 2011, Prophecy Coal and Prophecy Platinum common shares are carried at a fair value of $331,291 (December 31, 2010 - $500,000 and January 1, 2010 - $160,000) and Prophecy Coal warrant securities are carried at a fair value of $7,700 (December 31, 2010 - $52,700 and January 1, 2010 - $nil).

2. Significant accounting policies (continued)

(f) Impairment of non-financial assets

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

(g) Exploration and evaluation expenditures

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

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

(h) Property and equipment

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

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

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

Detail	Percentage	Method
Vehicle	30%	Declining balance

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

(i) Flow-through shares

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

2. Significant accounting policies (continued)

(j) Cash and cash equivalents

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

(k) Provisions

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

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

The Company had no material provisions at June 30, 2011, December 31, 2010 and January 1, 2010.

(l) Share based payment transactions

The fair value of share options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(m) Income taxes

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

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

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

2. Significant accounting policies (continued)

(m) Income taxes (continued)

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

(n) Restoration, rehabilitation and environmental obligations

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

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

(o) Loss per share

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

(p) Significant accounting judgments and estimates

The preparation of these unaudited condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Significant accounting policies (continued)

(p) Significant accounting judgments and estimates (continued)

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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

Critical accounting judgments

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

(q) Recent Accounting Pronouncements

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

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

2. Significant accounting policies (continued)

(q) Recent Accounting Pronouncements (continued)

(ii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual period beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs;
- and information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

3. Exploration and evaluation

(a) Coppermine River Project

The Company has a 100% interest in mining lease number 2797 located in the Coronation Gulf area, west of the Coppermine River (Coppermine River Property), approximately 60-75 km southwest of Kugluktuk, Nunavut, Canada. The Company intends to retain its ownership rights in the project by making any required payments to retain the property on a care and maintenance basis. For the three and six months ended June 30, 2011, the Company accrued advance royalty fees on the project of $25,000 and $50,000, respectively (three and six months ended June 30, 2011 - $25,000 and $50,000, respectively)

(b) Rory Group

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

(c) RC Group

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

4. Capital risk management

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at June 30, 2011, totaled $8,795,065 (December 31, 2010 - $9,536,750).

4. Capital risk management (continued)

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three and six months ended June 30, 2011.

The Company is not subject to any external capital requirements.

5. Financial risk management

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

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

(i) Credit risk

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

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2011, the Company had cash and cash equivalents of $8,933,243 (December 31, 2010 - $9,550,084) to settle current liabilities of $657,116 (December 31, 2010 - $653,721). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

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

(a) Interest rate risk

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

5. Financial risk management (continued)

(iii) Market risk (continued)

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of June 30, 2011, the Company funds certain operations, exploration and administrative expenses in Guyana and Barbados on a cash call basis using US Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US Dollar bank accounts in Canada and Barbados. The Company is subject to gains and losses from fluctuations in the US Dollar.

(c) Equity price risk

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

Sensitivity analysis

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

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

(ii) The Company holds balances in US Dollar which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the US Dollar exchange rate against the Canadian Dollar, with all other variables held constant, would affect the reported loss and comprehensive loss for the six months ended June 30, 2011 by approximately $576,000.

(iii) The Company's investment in the common shares of Prophecy Coal and Prophecy Platinum is subject to fair value fluctuations (included in 'financial assets at fair value through profit and loss'). As at June 30, 2011, sensitivity to a plus or minus 10% change in the quoted market price of Prophecy Coal and Prophecy Platinum common shares, with all other variables held constant, would affect reported loss and comprehensive loss for the six months ended June 30, 2011 by approximately $33,000.

(iv) The Company's investment in the warrants of Prophecy Coal (included in 'financial assets at fair value through profit and loss') are subject to fair value fluctuations. As at June 30, 2011, sensitivity to a plus or minus 10% change in the fair value of Prophecy Coal warrants, with all other variables held constant, would affect reported loss and comprehensive loss for the six months ended June 30, 2011 by approximately $800.

(Expressed in Canadian Dollars)

6. Categories of financial instruments

	As at June 30, 2011	As at December 31, 2010	As at January 1, 2010
Financial assets:			
Loans and receivables			
Cash and cash equivalents	$ 8,933,243	$ 9,550,084	$ 2,872,044
Financial assets at fair value through profit or loss	338,991	552,700	160,000
Financial liabilities:			
Other financial liabilities			
Amounts payable and other liabilities	$ 657,116	$ 653,721	$ 447,991

As of June 30, 2011, December 31, 2010 and January 1, 2010, the fair value of the Company's financial instruments, other than 'financial assets at fair value through profit and loss', approximates the carrying value, due to their short-term nature.

7. Cash position

	As at June 30, 2011	As at December 31, 2010	As at January 1, 2010
Cash	$ 6,131,598	$ 2,256,722	$ 362,044
Cash equivalents	2,801,645	7,293,362	2,510,000
Total	$ 8,933,243	$ 9,550,084	$ 2,872,044

8. Financial assets at fair value through profit or loss

	As at June 30, 2011	As at December 31, 2010	As at January 1, 2010
Prophecy Coal common shares	$ 300,000	$ 500,000	$ 160,000
Prophecy Coal warrants (1)	7,700	52,700	-
Prophecy Platinum common shares	31,291	-	-
	$ 338,991	$ 552,700	$ 160,000

(1) On December 31, 2010, the fair value of the warrants was determined to be $52,700, using the Black-Scholes valuation model with the following assumptions: a 1.23 year term, 111.08% volatility, risk-free interest rate of 1.66% and a dividend rate of 0%. On June 30, 2011, the fair value of the warrants was determined to be $7,700 by revaluing the warrants using the Black Scholes option pricing model with the following assumptions: a 0.73 year term, 66.07% volatility, risk-free interest rate of 1.58% and a dividend rate of 0%.

(Expressed in Canadian Dollars)

9. Accounts receivable and other assets

	As at June 30, 2011	As at December 31, 2010	As at January 1, 2010
Harmonized sales tax recoverable - (Canada)	$ 21,946	$ 21,921	$ 43,254
Prepaid expenses	132,971	36,319	25,443
	$ 154,917	$ 58,240	$ 68,697

10. Property and equipment

Cost	**Vehicle**
Balance, January 1, 2010	$ 47,398
Balance, June 30, 2010	47,398
Balance, December 31, 2010	47,398
Balance, June 30, 2011	$ 47,398

Accumulated Amortization	**Vehicle**
Balance, January 1, 2010	$ 5,332
Change during the period	6,310
Balance, June 30, 2010	11,642
Change during the period	6,309
Balance, December 31, 2010	17,951
Change during the period	4,417
Balance, June 30, 2011	$ 22,368

Carrying Value	**Vehicle**
Balance, January 1, 2010	$ 42,066
Balance, June 30, 2010	35,756
Balance, December 31, 2010	29,447
Balance, June 30, 2011	$ 25,030

(Expressed in Canadian Dollars)

11. Amounts payable and other liabilities

	As at June 30, 2011	As at December 31, 2010	As at January 1, 2010
Falling due within the year			
Trade payables	$ 657,116	$ 653,721	$ 447,991

12. Share capital

a) Authorized share capital

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

b) Common shares issued

At June 30, 2011, the issued share capital amounted to $22,361,905. The change in issued share capital for the periods were as follows:

	Number of common shares	Amount
Balance, December 31, 2010 and June 30, 2011 (note 21(b))	87,147,845	$ 22,361,905

13. Stock options

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

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

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

The following table reflects the continuity of stock options for the six months ended June 30, 2011:

	Number of stock options	Weighted average exercise price ($)
Balance, January 1, 2010, June 30, 2010 and December 31, 2010	4,110,000	0.34
Granted	3,125,000	0.37
Cancelled	(185,000)	0.36
Balance, June 30, 2011 (note 21(b))	7,050,000	0.36

(Expressed in Canadian Dollars)

13. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2011:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Number of Options Unvested
May 11, 2012	0.20	0.87	1,900,000	1,900,000	-
June 24, 2013	0.50	1.99	1,850,000	1,850,000	-
August 26, 2013	0.36	2.16	175,000	175,000	-
January 28, 2016 (i)	0.36	4.58	2,875,000	718,500	2,156,500
April 28, 2016 (ii)	0.48	4.83	250,000	62,500	187,500
		2.85	7,050,000	4,706,000	2,344,000

(i) On January 28, 2011, the Company granted 2,875,000 options to certain directors, officers and consultants of the Company at a price of $0.36 per share. The fair value of these options at the date of grant of $0.324 was estimated using the Black-Scholes option valuation model with the following assumptions: a five year expected term; 145% expected volatility based on historical trends; risk free interest rate of 2.24% per annum; share price on the date of grant of $0.36; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $931,500. These options, which will vest by 25% upon date of grant and by 25% on each of the 6, 12 and 18 month anniversaries of the date of grant, will expire on January 28, 2016. For the three and six months ended June 30, 2011, the impact on salaries and benefits was $213,881 and $592,478, respectively.

(ii) On April 28, 2011, the company granted 250,000 options to a director of the Company at a price of $0.48 per share. The fair value of these options at the date of grant of $0.434 was estimated using the Black-Scholes option valuation model with the following assumptions: a five year expected term; a 145% expected volatility based on historical trends; risk free interest rate of 2.61%; share price at the date of grant of $0.48; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $108,500. These options, which will vest by 25% upon date of grant and by 25% on each of the 6, 12 and 18 month anniversaries of the date of grant, will expire on April 28, 2016. For the three and six months ended June 30, 2011, the impact on salaries and benefits was $44,245.

14. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2011 was based on the loss attributable to common shareholders of $718,736 and $1,378,408, respectively (three and six months ended June 30, 2010 - $81,470 and $238,940, respectively) and the weighted average number of common shares outstanding of 87,147,845 (three and six months ended June 30, 2010 - 52,147,845). Diluted loss per share did not include the effect of 7,050,000 stock options and 35,000,000 warrants as they are anti-dilutive.

15. Warrants

The following table reflects the continuity of warrants for the period ended June 30, 2011:

	Number of warrants	Weighted average exercise price ($)
Balance, January 1, 2010 and June 30, 2010	14,331,333	0.60
Issued	35,000,000	0.26
Balance, December 31, 2010	49,331,333	0.36
Expired	(14,331,333)	0.60
Balance, June 30, 2011(note 21(b))	35,000,000	0.26

(Expressed in Canadian Dollars)

15. Warrants (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2011:

Number of Warrants Outstanding	Grant Date Fair Value ($)	Exercise Price ($)	Expiry Date
35,000,000	2,891,000	0.26	December 10, 2012
-	(22,013)	-	Warrant issue cost
35,000,000	**2,868,987**	**0.26**	

16. General and administrative

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Salaries and benefits	**$ 264,125**	$ 20,490	**$ 654,722**	$ 54,642
Consulting fees	**45,000**	36,000	**89,750**	72,000
Administrative and general	**35,769**	20,978	**73,474**	26,795
Reporting issuer costs	**34,815**	19,340	**51,035**	31,900
Accounting fees	**5,962**	3,400	**8,762**	6,756
Professional fees	**79,845**	14,536	**82,237**	25,226
Insurance	**7,338**	7,585	**19,477**	15,275
	$ 472,854	$ 122,329	**$ 979,457**	$ 232,594

17. Related party balances and transactions

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

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

	Notes	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Marrelli CFO Outsource Syndicate Inc. ("Marrelli")	(i)	**$ 6,000**	6,000	**$ 12,000**	$ 12,000
Marrelli Support Services Inc. ("MSSI")	(ii)(v)	**7,462**	3,400	**8,762**	6,756
Marrelli Tax Compliance Services Inc. ("MTCS")	(iii)	**-**	-	**1,500**	-
Bruce Rosenberg	(iv)	**7,523**	2,751	**12,213**	4,478
J.Patrick Sheridan	(vi)	**30,000**	30,000	**60,000**	60,000
Guyana Goldfields Inc. ("GGI")	(vii)	**-**	2,823	**-**	5,624
DSA Corporate Services Inc. ("DSA")	(viii)	**2,098**	-	**3,762**	-
D & R Filing Corp. ("D & R")	(ix)	**375**	-	**375**	-

(Expressed in Canadian Dollars)

17. Related party balances and transactions (continued)

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

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

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

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

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

(v) As at June 30, 2011, MSSI was owed $1,243 (December 31, 2010 - $7,243) and these amounts were included in amounts payable and other liabilities.

(vi) Chief Executive Officer ("CEO") fees. As at June 30, 2011, the CEO was owed $21,200 (December 31, 2010 - $30,000) and these amounts were included in amounts payable and other liabilities.

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

(viii) The CFO of Guyana is an officer of DSA. Fees related to corporate secretarial services provided by DSA. As at June 30, 2011, DSA was owed $866 (December 31, 2010 - $622) and these amounts were included in amounts payable and other liabilities.

(ix) The CFO of Guyana is an officer of D & R. Fees related to filing services provided by D & R. As at June 30, 2011, D & R was owed $254 (December 31, 2010 - $339) and these amounts were included in amounts payable and other liabilities.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Salaries and benefits [1]	**$ 6,000**	$ -	**$ 18,000**	$ -
Share based payments	**165,134**	15,562	**379,123**	41,500

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

18. Segmented information

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

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

19. Contingencies and commitments

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

20. Conversion to IFRS

(i) Overview

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

The policies set out in the Significant Accounting Policies section have been applied in preparing the financial statements for the three and six months ended June 30, 2011 and in the preparation of an opening IFRS balance sheet at January 1, 2010 (the Company's Transition Date).

(ii) First-time adoption of IFRS

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

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

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

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

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

(iii) Changes to accounting policies

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

20. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

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

(a) Impairment of (non-financial) assets

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

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

(b) Decommissioning Liabilities (Asset Retirement Obligations)

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

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

(c) Exploration and evaluation

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

Impact on Condensed Consolidated Interim Statements of Financial Position

	As at December 31, 2010	As at June 30, 2010	As at January 1, 2010
Adjustment to mineral resource properties	$ (3)	$ (3)	$ (3)
Adjustment to deficit	$ (3)	$ (3)	$ (3)

(d) Flow-through shares

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

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

(d) Flow-through shares (continued)

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

Impact on Condensed Consolidated Interim Statements of Financial Position

	As at December 31, 2010	As at June 30, 2010	As at January 1, 2010
Adjustment to share capital	$ 1,823,490	$ 1,823,490	$ 1,823,490
Adjustment to deficit	$ (1,823,490)	$ (1,823,490)	$ (1,823,490)

(iv) Presentation

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

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP

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

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

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

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

The June 30, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	June 30, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,752,939	$ -	**$ 2,752,939**
Financial assets at fair value through profit or loss	225,000	-	**225,000**
Accounts receivable and other assets	16,933	-	**16,933**
	2,994,872	-	**2,994,872**
Property and equipment	35,756	-	**35,756**
Mineral resource properties (note 20(iii)(c))	3	(3)	**-**
	$ 3,030,631	$ (3)	**$ 3,030,628**
LIABILITIES AND EQUITY			
Current liabilities			
Amounts payable and other liabilities	$ 520,110	$ -	**$ 520,110**
Capital and reserves			
Share capital (note 20(iii)(d))	16,464,838	1,823,490	**18,288,328**
Reserves	6,119,252	-	**6,119,252**
Deficit (note 20(iii)(c)(d))	(20,073,569)	(1,823,493)	**(21,897,062)**
Total capital and reserves	2,510,521	(3)	**2,510,518**
Total liabilities and equity	$ 3,030,631	$ (3)	**$ 3,030,628**

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

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

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

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

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

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

The Canadian GAAP interim statement of loss and comprehensive loss for the six month period ended June 30, 2010 has been reconciled to IFRS as follows:

	Six months ended June 30 , 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Expenses			
General and administrative (note 16)	$ 232,594	$ -	**$ 232,594**
Loss on foreign exchange	603	-	**603**
Exploration and evaluation expenditures	64,588	-	**64,588**
Amortization	6,310	-	**6,310**
Operating loss before the following items	(304,095)	-	**(304,095)**
Interest income (expense)	155	-	**155**
Unrealized gain on financial assets at fair value through profit or loss	65,000	-	**65,000**
Net loss and comprehensive loss for the period	$ (238,940)	$ -	**$ (238,940)**

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

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

The Canadian GAAP interim statement of loss and comprehensive loss for the three month period ended June 30, 2010 has been reconciled to IFRS as follows:

	Three months ended June 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
General and administrative (note 16)	$ 122,329	$ -	**$ 122,329**
Gain on foreign exchange	(3,503)	-	**(3,503)**
Exploration and evaluation expenditures	39,588	-	**39,588**
Amortization	3,155	-	**3,155**
Operating loss before the following items	(161,569)	-	**(161,569)**
Interest and other income	99	-	**99**
Unrealized gain on financial assets at fair value through profit or loss	80,000	-	**80,000**
Net loss and comprehensive loss for the period	$ (81,470)	$ -	**$ (81,470)**

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

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

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

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

The Canadian GAAP interim statement of cash flows for the six month period ended June 30, 2010 has been reconciled to IFRS as follows:

	Six months ended June 30, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Operating activities			
Net loss for the period	$ (238,940)	$ -	**$ (238,940)**
Adjustment for:			
Amortization	6,310	-	**6,310**
Unrealized gain on financial assets at fair value through profit or loss	(65,000)	-	**(65,000)**
Share-based payments	54,642	-	**54,642**
Non-cash working capital items:			
Accounts receivable and other assets	51,764	-	**51,764**
Amounts payable and other liabilities	72,119	-	**72,119**
Net cash used in operating activities	(119,105)	-	**(119,105)**
Net change in cash and cash equivalents	(119,105)	-	**(119,105)**
Cash and cash equivalents, beginning of period	2,872,044	-	**2,872,044**
Cash and cash equivalents, end of period	$ 2,752,939	$ -	**$ 2,752,939**

(Expressed in Canadian Dollars)

20. Conversion to IFRS (continued)

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

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

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

21. Subsequent events

(a) On July 7, 2011, the Company announced that it has completed an acquisition of GGI's 100% interest in the Peters property and Aremu property located in Guyana, South America and a US$15,000 bond for US$2,415,000 was paid in cash upon closing.

(b) On July 25, 2011, the Company announced that it has received TSX Venture Exchange approval for the consolidation of the Company's issued and outstanding common shares on the basis of one new common share for every two common shares presently issued and outstanding. The consolidation became effective July 27, 2011. The share consolidation has been reflected in these condensed interim consolidated financial statements and all applicable references to the number of shares and per share information have been restated.