Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

NULEGACY GOLD CORPORATION

For the three and nine months ended December 31, 2011 and 2010

(See Notice to Readers)

Notice to Readers: Pursuant to Part 4.3(3) of National Instrument 51-102 of the Canadian Securities Administrators, this Notice advises that these interim financial statements have not been reviewed by an auditor. These financial statements have been prepared by and are the responsibility of the Company's management.

NULEGACY GOLD CORPORATION

Condensed Consolidated Interim Statement of Comprehensive Loss
(Expressed in Canadian dollars)
Unaudited

	Note	Three months ended December 31,		Nine months ended December 31,	
		2011	2010	**2011**	2010
Operating expenses:					
Amortization	7	**$ 1,800**	$ 174	**$ 3,346**	$ 174
Bank charges		**760**	258	**2,348**	839
Consulting	10	**142,717**	65,513	**345,484**	170,899
Dues and subscriptions		**2,301**	1,106	**4,904**	1,739
Insurance		**6,932**	5,094	**18,231**	7,322
Interest		**3**	100	**6**	182
Investor relations	10	**45,088**	874	**140,790**	874
Office		**38,286**	7,540	**57,736**	17,619
Printing and reproduction		**3,091**	9,719	**9,650**	13,138
Professional fees		**15,555**	6,654	**46,606**	125,515
Property evaluation		**-**	-	**-**	30,730
Regulatory and transfer agent		**7,934**	16,951	**29,248**	16,951
Rent		**11,724**	-	**32,010**	-
Telecommunication		**1,266**	1,499	**3,566**	1,499
Travel and accomodation		**12,093**	19,416	**23,193**	38,786
Share based payments	11	**178,032**	310,779	**615,626**	310,779
		467,582	445,677	**1,332,744**	737,046
Other income (loss):					
Foreign exchange (loss) gain		**(15,870)**	(25,696)	**68,468**	(20,916)
Property write off		**-**	-	**(40,372)**	-
Receivables write off		**-**	-	**-**	(11,107)
Interest and other income		**3**	-	**92**	34
		(15,867)	(25,696)	**28,188**	(31,989)
Net loss and comprehensive loss		**$ (483,449)**	$ (471,373)	**$ (1,304,556)**	$ (769,035)
Basic and diluted loss per share amounts	11(f)	**$ (0.01)**	$ (0.02)	**$ (0.03)**	$ (0.03)
Weighted average common shares outstanding		**46,818,664**	28,777,069	**45,169,422**	29,457,528

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

NULEGACY GOLD CORPORATION

Condensed Consolidated Interim Statement of Financial Position
(Expressed in Canadian dollars)
Unaudited

	Note		**December 31, 2011**		March 31, 2011
Assets					
Current assets:					
Cash and cash equivalents	6	**$**	**2,528,220**	$	3,476,786
Receivables			**42,386**		44,804
Prepaid expenses and deposits			**138,957**		84,574
			2,709,562		3,606,164
Non-current assets:					
Equipment	7		**12,290**		3,488
Exploration and evaluation assets	8		**2,912,180**		1,107,893
		$	**5,634,032**	$	4,717,545
Liabilities and Shareholders' Equity					
Current liabilities:					
Trade and other payables	9	**$**	**32,578**	$	79,987
			32,578		79,987
Shareholders' equity:					
Share capital	11		**4,818,309**		4,367,064
Warrants reserve	11		**2,388,082**		1,233,547
Share option reserve	11		**1,178,643**		563,017
Share subscriptions payable			**47,045**		-
Accumulated deficit			**(2,830,626)**		(1,526,070)
			5,601,453		4,637,558
		$	**5,634,032**	$	4,717,545

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

Approved by the board on February 24, 2012.

"Albert J. Matter"
Director

"Roger C. Steininger"
Director

NULEGACY GOLD CORPORATION

Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian dollars)
Unaudited

	Note	Number of shares	Share capital	Warrants	Share option reserve	Accumulated deficit	Accumulated other comprehensive income	Total
Balances, April 1, 2010		26,985,001	$ 1,760,626	$ -	$ -	$ (308,493)	$ -	$ 1,452,133
Shares issued, acquisition of mineral properties	11	50,000	6,250	-	-	-	-	6,250
Shares issued, private placement, net of issue costs	11	1,420,000	278,000	-	-	-	-	278,000
Net loss		-	-	-	-	(769,035)	-	(769,035)
Balances, December 31, 2010		28,455,001	2,044,876	-	-	(1,077,528)	-	967,348
Shares issued, acquisition of mineral properties	11	50,000	16,000	-	-	-	-	16,000
Shares issued, private placement, net of issue costs	11	5,470,500	1,011,207	556,966	-	-	-	1,568,173
Shares issued, exercise of special warrants, net of issue costs	11	5,573,750	718,646	390,104	-	-	-	1,108,750
Shares issued, initial public offering, net of issue costs	11	4,800,000	630,271	232,541	-	-	-	862,812
Warrants issued upon repurchase of shares	11	-	(53,936)	53,936	-	-	-	-
Share based payments	11	-	-	-	563,017	-	-	563,017
Net loss		-	-	-	-	(448,542)	-	(448,542)
Balances, March 31, 2011		44,349,251	4,367,064	1,233,547	563,017	(1,526,070)	-	4,637,558
Shares issued, acquisition of mineral properties		100,000	20,000	-	-	-	-	20,000
Shares issued, private placement, net of issue costs	11	11,057,766	431,245	1,154,535	-	-	-	1,585,780
Share based payments	11	-	-	-	615,626	-	-	615,626
Net loss		-	-	-	-	(1,304,556)	-	(1,304,556)
Balances, December 31, 2011		**55,507,017**	**$ 4,818,309**	**$ 2,388,082**	**$ 1,178,643**	**$ (2,830,626)**	**$ -**	**$ 5,554,408**

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

NULEGACY GOLD CORPORATION

Condensed Consolidated Interim Statement of Cash Flows
(Expressed in Canadian dollars)
Unaudited

	Nine months ended December 31,	
	2011	2010
Operating activities:		
Net loss	**$ (1,304,556)**	$ (769,035)
Adjustments for:		
Amortization	**3,346**	174
Property write off	**40,372**	-
Receivables write off	**-**	11,107
Share based payments	**615,626**	310,779
Receivables	**2,418**	(27,883)
Prepaid expenses and deposits	**(54,383)**	(39,306)
Trade and other payables	**(47,409)**	(47,274)
Cash flow for operating activities	**(744,586)**	(561,438)
Financing activities:		
Proceeds from issuance of common shares, net of issue costs	**1,585,780**	2,321,812
Increase in subscriptions payable	**47,045**	-
Cash flow for financing activities	**1,632,825**	2,321,812
Investing activities:		
Purchase of equipment	**(12,148)**	(4,186)
Mineral property exploration costs	**(1,824,658)**	(752,087)
Cash flow for investing activities	**(1,836,806)**	(756,273)
Net (decrease) increase in cash and cash equivalents	**(948,566)**	1,004,101
Cash and cash equivalents, beginning of period	**3,476,786**	1,291,960
Cash and cash equivalents, end of period	**$ 2,528,220**	$ 2,296,061
Non cash items:		
Shares issued for the acquisition of the Half Ounce property	**$ -**	$ 6,250
Shares issued for the acquisition of the Idaho property	**$ 20,000**	$ -

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

1. Corporate information:

NuLegacy Gold Corporation (the "Company") is a publicly listed entity on the TSX Venture Exchange and incorporated under the laws of the Province of British Columbia. The Company's principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in Nevada, USA.

At December 31, 2011, the Company had an accumulated deficit of $2,830,626. The Company requires additional financing to meet its obligations as they fall due and complete planned exploration of its mineral properties. Management is actively pursuing additional financing but there is no assurance that additional funding will be available in the future on terms that will be acceptable to the Company. In the event that additional financing is not obtained there is substantial doubt about the ability of the Company to continue as a going concern.

The ability of the Company to realize its assets and discharge its financial obligations and commitments is dependent upon the ability of the Company to source appropriate exploration properties satisfactory to its investors and, thereafter, upon the existence of economically recoverable reserves, maintain interest in such properties, obtain the necessary financing to search and acquire and meet exploration commitments on the properties and upon future profitable operations, or proceeds from the disposition of the properties.

These Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis, which assumes the Company will be able to realize assets and discharge liabilities and commitments in the normal course of business for the foreseeable future. These Condensed Consolidated Interim Financial Statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern.

2. Basis of preparation:

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

These Condensed Consolidated Interim Financial Statements of the Company and its subsidiary are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's second IFRS Condensed Consolidated Interim Financial Statements for part of the period covered by the Company's first IFRS Consolidated Annual Financial Statements for the year ending March 31, 2012. Previously, the Company prepared its Consolidated Annual and Consolidated Interim Financial Statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

Reconciliations between the Company's previously reported statement of financial position and the statements of comprehensive loss under GAAP and those reported under IFRS are presented in Note 14.

(b) Basis of presentation:

These Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 5. The comparative figures presented in these Condensed Consolidated Interim Financial Statements are in accordance with IFRS and have not been audited.

2. Basis of preparation (continued):

(c) Basis of consolidation:

These Condensed Consolidated Interim Financial Statements include the accounts of the Company and its wholly owned subsidiary NuLegacy Gold N.V., which is incorporated in Nevada, USA.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

Inter-company balances and transactions, including any unrealized income and expenses arising from Inter-company transactions, are eliminated in preparing the Condensed Consolidated Interim Financial Statements.

(d) Adoption of new and revised standards and interpretations:

In November 2009 the IASB issued IFRS 9 *Financial Instruments,* and in October 2010 the IASB published amendments to IFRS 9 (IFRS 9 (2010)). The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on April 1, 2013. The Company does not expect IFRS 9 (2010) to have a material impact on the financial statements. The classification and measurement of the Company's financial assets is not expected to change under IFRS 9 (2010) because of the nature of the Company's operations and the types of financial assets that it holds.

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements,* IFRS 12 *Disclosure of Interests in Other Entities,* and IFRS 13 *Fair Value Measurement* and published amendments to IAS 28 *Investments in Associates and Joint Ventures*. These standards are effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact these standards may have on its financial statements.

In June 2011, the IASB published amendments to IAS 1 *Presentation of Financial Statements: Presentation of items of other comprehensive income*, which are effective for annual periods beginning on or after July 1, 2012.

3. Significant accounting judgments, estimates and assumptions:

The preparation of the Condensed Consolidated Interim Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities, income and expenses. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

These Condensed Consolidated Interim Financial Statements have been prepared on the basis of IFRS standards that are expected to be effective or available on March 31, 2012, 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 March 31, 2012. The preparation of these Condensed Consolidated Interim Financial Statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. They also have been applied in preparing an opening IFRS balance sheet at April 1, 2010, as required by IFRS 1. The impact of the transition from GAAP to IFRS is explained in Note 14.

3. Significant accounting judgments, estimates and assumptions (continued):

Information about significant areas of estimation uncertainty considered by management in preparing the Condensed Consolidated Interim Financial Statements is described below:

(a) Reserve and resource estimates:

Reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company does not have any currently defined reserves. The Company estimates its mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the mineralized body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the mineralized body.

Changes in resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, recognition of deferred tax assets, and depreciation and amortisation charges.

(b) Exploration and evaluation expenditure:

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

(c) Impairment of assets:

The Company assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

(d) Contingencies:

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

3. Significant accounting judgments, estimates and assumptions (continued):

(e) Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(f) Fair value hierarchy:

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Summary of significant accounting policies:

(a) Business Combinations:

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired entity or acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal companies) that are classified as held for sale in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss in the consolidated statements of comprehensive income or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

4. Summary of significant accounting policies (continued):

(b) Foreign Currencies:

The Company's presentation currency is the Canadian dollar ("$"). The functional currency of the Company is the Canadian dollar.

The Company has determined that the functional currency of its subsidiary is the Canadian dollar.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined.

(c) Financial assets:

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL");
- Held-to-maturity ("HTM");
- Available for sale ("AFS"); and,
- Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets:

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designed as FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

The Company's cash and cash equivalents are classified as FVTPL.

(ii) AFS financial assets:

Available for sale financial assets are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investment revaluation reserve. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment revaluation reserve is included in profit or loss for the period.

4. Summary of significant accounting policies (continued):

(c) Financial assets (continued):

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation difference due to a change in amortized cost of the asset is recognized in profit or loss, while all other changes are recognized in equity.

(iii) Held-to-maturity investments:

Investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

(iv) Loans and receivables:

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has classified its receivables as loans and receivables.

(v) Effective interest method:

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a short period. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

(vi) Impairment of financial assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. 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 asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivable is reduced through the use of an allowance account. When a trade 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.

4. Summary of significant accounting policies (continued):

(c) Financial assets (continued):

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(vii) Derecognition of financial assets:

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfers the financial asset and all risks and rewards of ownership to another entity.

(d) Financial liabilities and equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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

(i) Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense 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 expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company has classified trade and other payables as other financial liabilities.

(ii) Derecognition of financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(e) Interest income:

Interest income is recognized in the income statement as it accrues, using the effective interest method.

(f) Cash and cash equivalents:

Cash and cash equivalents comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

4. Summary of significant accounting policies (continued):

(g) Receivables:

Trade receivables are recognized at the amounts due for settlement no more than 90 days from the date of recognition. The collectability of trade receivables is reviewed on an ongoing basis. Accounts which are known to be uncollectible are written off. A provision for impairment is recorded when there is evidence that the Company will not be able to collect fully the amounts due.

(h) Mineral exploration, evaluation and development expenditure:

(i) Pre-license costs:

Pre-license costs are expensed in the period in which they are incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors. In evaluating if expenditures meet the criteria to be capitalised, several different sources of information are utilised. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure incurred on licences where a resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a resource. Costs expensed during this phase are included in 'exploration expenditure' in profit or loss.

Upon the establishment of a resource (at which point, the Company considers it probable that economic benefits will be realised), the Company capitalises any further evaluation costs incurred for the particular licence to exploration and evaluation assets up to the point when a reserve is established.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently measured at cost less accumulated impairment. Once reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to 'Mines under construction'. No amortisation is charged during the exploration and evaluation phase.

4. Summary of significant accounting policies (continued):

(i) Property, plant and equipment and mine properties (“PPE”):

Upon completion of mine construction, the assets are transferred into property, plant and equipment or mine properties. Items of property, plant and equipment and mine properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

Accumulated mine development costs are depreciated/amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for run of mines (ROM) costs are tonnes of ore whereas the unit of account for post-ROM costs are recoverable ounces of gold. Rights and concessions are depleted on the unit-of-production basis over the total reserves of the relevant area. The unit-of-production rate for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

The premium paid in excess of the intrinsic value of land to gain access is amortised over the life of mine.

Depreciation for other plant and equipment is provided at rates calculated to write off the cost, less their estimated residual value, using the straight line method over the following expected useful lives:

- Equipment 2 years

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the Condensed Consolidated Interim Statement of Comprehensive Loss.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Company through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day to day maintenance costs are expensed as incurred.

4. Summary of significant accounting policies (continued):

(j) Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase and is recognised through other comprehensive income.

(k) Trade payables:

Trade payables are non-interest bearing and are stated at their nominal value.

(l) Share-based payments:

The Company's share purchase option plan allows Company directors, officers, employees and service providers to acquire shares of the Company. The fair value of share purchase options granted to employees (which includes directors and officers and service providers that meet the definition of an employee) is recognized as an expense 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.

4. Summary of significant accounting policies (continued):

(l) Share-based payments (continued):

The fair value is measured at grant date and each tranche is recognized over the vesting period. The fair value of options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. For options granted to non-employees, the fair value of the services are measured at the date the services are rendered which could consist of multiple measurement dates.

(m) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable is respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income – rather than based on quantity produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in cost of sales.

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4. Summary of significant accounting policies (continued):

(n) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(o) Comprehensive income (loss):

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive income (loss), components of other comprehensive income and cumulative translation adjustments are presented in the consolidated interim statements of comprehensive income (loss) and the consolidated interim statements of changes in equity.

(p) Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probably that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expect to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(q) Warrants:

Share issuances during the year that include a warrant have been bifurcated into a share and warrant component for accounting purposes. The warrant component is recorded as a separate line item in equity and is reclassified to share capital when exercised.

5. Financial risk management:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

5. Financial risk management (continued):

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated interim financial statements.

(i) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables, and cash and cash equivalents. The cash and cash equivalents consist mainly of short-term money market deposits and are held with reputable financial institutions, from which management believes the risk of loss to be remote. The Company's financial assets are held in institutions rated by Moody's as A- or higher.

The Company's receivables consist of taxes receivable from the government of Canada and are considered collectible with no risk.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. Management typically forecasts cash flows for a period of three to six months to identify financing requirements. These requirements are then addressed primarily through access to capital markets.

All of the Company's financial liabilities mature within one year.

(iii) Interest rate risk:

Interest rate risk is the risk of financial loss to the Company if market rates of interest were to change adversely. The Company's exposure to interest rate risk is not material.

(iv) Foreign currency risk:

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company is exposed to fluctuations between the US and Canadian dollars as many of its trade payables are denominated in US dollars. The Company's exposure to fluctuation in the US and Canadian dollars is not material.

5. Financial risk management (continued):

(v) Other price risk:

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on future cash flows associated with financial instruments. The Company has no forward purchase or sale contracts negotiated at December 31, 2011.

(vi) Capital risk management:

The Company's capital management policy is to maintain a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $5,601,453. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels.

The Company is not subject to externally imposed capital requirements other than as noted above.

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

(vii) Summary of the carrying value of the Company's financial instruments:

The fair value of all financial instruments approximates their carrying value.

6. Cash and cash equivalents:

		December 31, 2011		March 31, 2011		April 1, 2010
Bank balances	**$**	**2,510,970**	$	3,459,536	$	1,291,960
Short term deposits		**17,250**		17,250		-
	$	**2,528,220**	$	3,476,786	$	1,291,960

7. Equipment:

		Computers
Cost		
As at April 1, 2010	$	-
Additions		4,185
As at March 31, 2011		4,185
Additions		12,148
As at December 31, 2011	**$**	**16,333**
Accumulated depreciation and impairment		
As at April 1, 2010	$	-
Charge for the year		697
As at March 31, 2011		697
Charge for the period		3,346
As at December 31, 2011	**$**	**4,043**
Net book value		
As at April 1, 2010	$	-
As at March 31, 2011	$	3,488
As at December 31, 2011	**$**	**12,290**

8. Exploration and evaluation assets:

	Red Hill Properties						
	Miranda Property	Barrick Property	Wilson Property	Coal Canyon Property	Wood Hills South Property	Half Ounce Property	Total
Balance April 1, 2010	$ 177,834	$ -	$ -	$ -	$ 53,623	$ 18,132	$ 249,589
Additions	366,546	58,609	119,886	19,311	271,975	21,977	858,304
Balance March 31, 2011	544,380	58,609	119,886	19,311	325,598	40,109	1,107,893
Additions	697,383	443,399	302,477	93,814	307,323	263	1,844,659
Dispositions	-	-	-	-	-	(40,372)	(40,372)
Balance December 31, 2011	**$ 1,241,763**	**$ 502,008**	**$ 422,363**	**$ 113,125**	**$ 632,921**	**$ -**	**$ 2,912,180**

(a) Red Hill Properties

Eureka County, Nevada

Miranda Property

The Company has an exploration and joint venture agreement with Miranda Gold Corp. (“Miranda”) to earn a 60% interest in this project by reimbursing Miranda for its 2009 – 2010 claim maintenance fees for the property in the amount of US$11,000 cash (paid), issuing 200,000 common shares (issued), incurring a total of US$200,000 in exploration expenditures before June 30, 2010 as a binding commitment (completed), incurring an additional US$300,000 in exploration expenditures before December 31, 2010 (completed), a further US$700,000 by December 31, 2011 (completed), and incurring an additional US$3,500,000 (US$5,500,000 including the Coal Canyon option below) as follows:

Expenditure deadline	Expenditure commitment ($US)	Total cumulative expenditure (US$)
September 30, 2012	1,050,000	2,250,000
September 30, 2013	1,400,000	3,650,000
September 30, 2014	1,850,000	5,500,000

The Company can elect to acquire a further 10% interest by preparing and bearing the costs of a feasibility study to be completed within 4 years, and incurring an additional US$1,000,000 on exploration each year. If the feasibility study is not completed, the Company must incur exploration expenditures of US$1,000,000 per year for 10 years from the date of the election in order to acquire the additional 10%. Thereafter, if either of the joint venture parties’ interest falls below 10%, that party’s interest reverts to a 0.5% NSR royalty.

Miranda (Coal Canyon) Option

On January 5, 2011 the Company signed an agreement that incorporates Miranda Gold Corp.’s two square mile Coal Canyon property in Eureka County, Nevada into the Red Hill Prospect. The principal terms of the option for the Coal Canyon require NuLegacy Gold to issue 50,000 common shares to Miranda and to spend an additional US$1.5 million on either the Coal Canyon property or the previously optioned Red Hill property. These expenditures are included in the table above and the Company is up to date with its commitments. Thus, NuLegacy can earn a 60% interest in both Miranda’s Coal Canyon and Red Hill properties for a combined expenditure of US$5.5 million over four years. NuLegacy can earn an additional 10% interest in the properties by completing a feasibility study. Integration of the Coal Canyon property and its data into the Red Hill Prospect database will begin immediately and an exploration program will be established for the 2011 field season.

8. Mineral properties (continued):

Barrick Property

On September 16, 2010, the Company entered into an exploration agreement with a joint venture election and option to purchase from Barrick Gold Exploration Inc. ("Barrick") a 70% undivided interest in 818 unpatented mining claims in the Barrick Property located adjacent to the Miranda Property in Eureka County, Nevada, U.S.A. In order to exercise the option, the Company must incur a minimum of US$5,000,000 in exploration or development expenditures on the Barrick Property (inclusive of maintenance fees) as follows:

Expenditure deadline	Expenditure commitment ($US)	Total cumulative expenditure (US$)
December 31, 2011	375,000	375,000 (firm)
December 31, 2012	875,000	1,250,000 (firm)
December 31, 2013	1,125,000	2,375,000
December 31, 2014	1,125,000	3,500,000
December 31, 2015	1,500,000	5,000,000

If the Company completes the required US$5,000,000 in expenditures and earns a 70% undivided interest in the property, Barrick will have a one-time option, exercisable within 90 days, to back into a 70% interest in the property. To complete the back in, Barrick must expend US$15,000,000 over 5 years on the exploration and development of the property at a rate of at least US$1,500,000 per year. If completed, the Company's remaining 30% interest in the property will be carried by Barrick until the commencement of commercial production on the property.

Upon completion of the Company's exploration expenditures of US$5,000,000, the Company and Barrick shall form a joint venture for further exploration of the property. If Barrick does not elect to exercise the back in right or fails to complete the requirements, the Company will hold a 70% interest and Barrick will hold a 30% interest in the joint venture. If Barrick exercises the back in right and completes the requirements, the Company will hold a 30% interest and Barrick will hold a 70% interest in the joint venture.

Idaho Property

On October 18, 2010, the Company entered into a mining lease ("Lease"), effective September 1, 2010 with Idaho Resources Corp. ("Idaho") for an initial 10 years, in which Idaho granted to the Company exclusive possession and control to explore, develop, mine and operate on the Idaho Property, which consists of 482 unpatented mining claims.

In order to maintain the Lease, the Company must make annual advance royalty payments of US$25,000 (paid) and issue 100,000 common shares to Idaho in each of the first five years of the Lease. Annual cash payments will then increase to US$50,000 for year six and every year thereafter. In addition, the Company must incur a total of US$4,000,000 in exploration on the property during the first five years of the Lease as follows:

Lease Year	Expenditure commitment ($US)	Aggregate amount (US$)
1	250,000 (paid)	250,000 (firm)
2	750,000	1,000,000 (firm)
3	1,000,000	2,000,000
4	1,000,000	3,000,000
5	1,000,000	4,000,000

8. Mineral properties (continued):

After the initial term of 10 years, the Lease will continue in full force and effect provided that the Company continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty base on all gold, silver and other ores/metals from the property. An advance royalty payment of US$25,000 and reimbursement of 2010-2011 Bureau of Land Management fees for the property totaling US$67,480 was paid to Idaho by the Company upon execution of the Mining Lease on October 18, 2010.

(b) Wood Hills South Property

Elko County, Nevada

The Company entered into an option agreement with Au-Ex, Inc. to earn a 70% interest in this prospect by paying US$20,000 cash (paid), incurring a minimum US$5,000,000 in exploration expenditures over seven years, and completing a feasibility study as per the following table:

Expenditure deadline	Expenditure commitment ($US)	Total cumulative expenditure (US$)
December 31, 2011	250,000	400,000
December 31, 2012	500,000	900,000
December 31, 2013	1,000,000	1,900,000
December 31, 2014	1,000,000	2,900,000
December 31, 2015	1,000,000	3,900,000
December 31, 2016	1,100,000	5,000,000

(c) Half Ounce Property

Eureka County, Nevada

The Company entered into an agreement to earn a 70% interest in this property by issuing 50,000 common shares (issued) and incurring US$1,500,000 in exploration expenses within five years. During the period, the Company terminated the agreement as the bedrock was considered too deep to fit with the Company's exploration philosophy and target concepts.

9. Trade and other payables:

		December 31, 2011		March 31, 2011
Trade payables	**$**	**25,233**	$	43,990
Related party payables		**7,345**		35,997
	$	**32,578**	$	79,987

10. Related party transactions:

The Company's sole subsidiary is listed in the following table:

		% equity Interest	
Name	Country of Incorporation	**As at December 31, 2011**	As at March 31, 2011
NuLegacy Gold N.V.	United States	100%	100%

10. Related party transactions (continued):

The Company had the following balances and incurred the following expenses with related parties:

	As at December 31, 2011	As at March 31, 2011	Nine months ended December 31, 2011	Nine months ended December 31, 2010
Accounting fees paid to a company controlled by an officer of the Company	**$ -**	$ -	**$ 31,500**	$ -
Legal fees paid to a company controlled by an officer of the Company	**-**	7,335	**75,598**	-
Investor relations fees paid to a company in which an officer is a director	**-**	-	**26,500**	-
Fees paid to a company controlled by a director*	**7,345**	7,489	**246,359**	103,750

* A total of $56,718 was capitalized to exploration and evaluation assets during the period

11. Share capital:

(a) Authorized:

Unlimited common shares without par value

(b) Share capital:

	Shares	Warrants	Broker warrants	Share capital - gross	Share issue costs	Share capital - net	Warrants
Balances, April 1, 2010	26,985,001	-	-	$ 1,760,626	$ -	$ 1,760,626	$ -
Issued							
Mineral properties (i)	100,000	-	-	22,250	-	22,250	-
Private placements (ii)	6,890,500	6,890,500	270,000	1,384,808	95,601	1,289,207	556,966
Special warrants (iii)	5,573,750	5,573,750	-	724,646	6,000	718,646	390,104
Initial public offering (iv)	4,800,000	4,600,000	460,000	1,029,569	399,298	630,271	232,541
Warrants issued (v)	-	250,000	-	(53,936)	-	(53,936)	53,936
Balances, March 31, 2011	44,349,251	17,314,250	730,000	$ 4,867,963	$ 500,899	$ 4,367,064	$ 1,233,547
Issued	-	-	-	-	-	-	-
Mineral properties (i)	100,000	-	-	20,000	-	20,000	-
Private placements (vi)	11,057,766	11,057,766	284,560	504,130	72,885	431,245	1,154,535
Balances, December 31, 2011	**55,507,017**	**28,372,016**	**1,014,560**	**$ 5,392,093**	**$ 573,784**	**$ 4,818,309**	**$ 2,388,082**

(i) In May 2010, the Company issued 50,000 common shares at $0.125 per share for the acquisition of the Half Ounce property for a value of $6,250.

In March 2011, the Company issued 50,000 common shares at $0.32 for the acquisition of the Coal Canyon property for a value of $16,000.

In August 2011, the Company issued 100,000 common shares at $0.20 for the acquisition of the Idaho property for a value of $20,000.

(ii) In July 2010, the Company completed a private placement of 1,520,000 units at $0.20 per unit for total proceeds of $304,000. Each unit consisting of one common share and one share purchase warrant entitling the holder to purchase one additional common share at $0.30 per share, expiring on December 9, 2011. The relative fair value of the share purchase warrants issued was $115,692.

11. Share capital (continued):

(b) Share capital (continued):

In March 2011, the Company completed a private placement of 4,370,500 units at $0.30 per unit for total proceeds of $1,311,150. Each unit consisting of one common share and one share purchase warrant entitling the holder to purchase one additional common share at $0.40 until March 10, 2012 and at $0.55 until September 10, 2012. In addition the Company issued 270,000 warrants to agents entitling the holder to purchase one additional common share at $0.30 per share, expiring on September 10, 2012. The relative fair value of the share purchase warrants issued was $358,893.

In March 2011, the Company completed a private placement of 1,000,000 units at $0.30 per unit for total proceeds of $300,000. Each unit consisting of one common share and one share purchase warrant entitling the holder to purchase one additional common share at $0.40 until March 17, 2012 and at $0.55 until September 17, 2012. The relative fair value of the warrants issued was $82,381.

The Company incurred a total of $95,601 in relation to these transactions, of which $68,977 was fees and $26,624 was the fair value of agent warrants granted.

(iii) In November 2010, the Company issued 5,573,750 purchase warrants at $0.20 per warrant for total proceeds of $1,114,750, entitling the holder to convert the warrants upon the Company's initial public offering into one common share and one additional share purchase warrant at no additional cost. Upon the Company's initial public offering, all warrants were exercised resulting in 5,573,500 common shares issued and 5,573,500 share purchase warrants issued entitling the holder to purchase one additional common share at $0.30 per share, expiring on December 9, 2011. The relative fair value of the warrants issued was $390,104. The Company incurred $6,000 of fees in relation to this transaction.

(iv) On November 12, 2010 the Company filed its final prospectus with the British Columbia, Alberta, Ontario Securities Commissions and the Yukon Government offering 4,600,000 common shares at $0.25 per shares for total proceeds of $1,150,000 and 4,600,000 share purchase warrants entitling the holder to purchase one additional common share at $0.35 per share, expiring on December 9, 2011. In addition the Company issued 200,000 common shares at $0.25 as a finder's fee and 460,000 share purchase warrants to agents entitling the holder to purchase one additional common share at $0.25 per share, expiring on June 9, 2012. The relative fair value of the share purchase warrants issued was $232,541. The Company incurred $399,298 in relation to this transaction, of which $337,188 was fees and $62,110 was the fair value of agent warrants granted.

Assumptions applied to determine the fair value of warrants granted in 2011 were: risk-free interest rate ranging between 1.21% - 1.70%; no expected dividends; expected stock price volatility 119%; expected life ranging from 1-5 years; weighted average fair value of warrants granted was CAD $0.10.

(v) Upon successful listing of the Company on December 9, 2010, the Company issued 250,000 share purchase warrants entitling the holder to purchase one additional common share at $0.25 per share, expiring on December 9, 2015. The fair value of the warrants issues was $53,936.

11. Share capital (continued):

(b) Share capital (continued):

(vi) On December 5, 2011, the Company completed an initial closing of its non-brokered private placement for a total of 6,932,500 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $1,039,875. Each Unit consisted of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 18 months at a price of $0.25 during the first 12 months and $0.35 during the last 6 months. A finder's fee of 8% cash and a total of 16,560 non-transferable finder's warrants was paid to certain registered dealers on a portion of the private placement. Each finder's warrant will entitle the holder to purchase one common share of the Company for a period of 18 months at a price of $0.15.

On December 23, 2011, the Company completed a second closing of its non-brokered private placement. The Company sold an additional 4,125,266 units (the "Units") at price of $0.15 per Unit for gross proceeds of $618,790. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share for a period of 18 months at a price of $0.25 during the first 12 months and $0.35 during the last 6 months. A finder's fee of $40,200 (8%) and 268,000 non-transferable finder's warrants was paid to an arm's length dealer in respect of a portion of the Units sold under the second closing. Each finder's warrant entitles the holder to purchase one common share of the Company for a period of 18 months at a price of $0.15. All securities issued under the second closing are subject to a four month and one day hold period.

(c) Escrow shares:

The Company has escrowed 6,990,001 of the issued shares of which 10% have been released for trade upon listing of the Company's shares with the balance being released over 3 years at 15% of the escrowed shares every six months. At December 31, 2011 there are 4,194,000 remaining escrowed shares.

(d) Warrants:

The following share purchase warrants were outstanding as at December 31, 2011:

Expiry date	Number of warrants		Weighted average exercise price
June 9, 2012	460,000	$	0.25
September 10, 2012	4,640,500		0.39
September 17, 2012	1,000,000		0.40
December 5, 2012	6,932,500		0.25
December 23, 2012	4,125,266		0.25
June 5, 2013	16,560		0.15
June 23, 2013	268,000		0.15
December 9, 2015	250,000		0.25
	17,692,826	$	0.30

(e) Stock options:

At December 31, 2011, the Company had a fixed stock-based compensation plan (the Plan) providing for the grant of stock options to purchase a maximum of 7,400,000 Common Shares to eligible recipients.

The exercise price of each option may be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable discount from market. Options have a

11. Share capital (continued):

(e) Stock options (continued):

maximum term of ten years and must terminate within a reasonable period of time as fixed by the directors (not to exceed one year) following the termination of the optionee's employment.

A summary of the status of the Plan as of December 31, 2011, and changes during the two year period ended on that date is as follows:

	Number of shares		Weighted average exercise price in Canadian dollars
Balance, April 1, 2010	-	$	-
Granted	4,925,000		0.25
Granted	350,000		0.32
Granted	250,000		0.31
Balance, March 31, 2011	5,525,000	$	0.26
Granted	200,000		0.29
Granted	500,000		0.25
Granted	25,000		0.25
Granted	150,000		0.15
Granted	825,000		0.20
Forfeited	(250,000)		0.29
Balance December 31, 2011	**6,975,000**	**$**	**0.25**

The following table summarizes information about the options outstanding at December 31, 2011:

Options outstanding	Options exercisable		Exercise price	Remainig contractual life (years)	Expiry date
50,000	50,000	$	0.25	0.0	14/01/2012
4,875,000	3,587,500	$	0.25	3.9	09/12/2015
50,000	20,000	$	0.32	0.9	30/11/2012
250,000	50,000	$	0.32	4.0	06/01/2016
250,000	50,000	$	0.31	4.2	01/03/2016
500,000	250,000	$	0.25	4.5	23/06/2016
25,000	37,500	$	0.25	4.7	01/09/2016
150,000	25,000	$	0.15	4.7	01/09/2016
250,000	31,250	$	0.20	4.8	01/10/2016
125,000	25,000	$	0.20	4.9	14/11/2016
150,000	37,500	$	0.20	2.9	14/11/2014
300,000	75,000	$	0.20	4.9	09/12/2016
6,975,000	**4,238,750**				

11. Share capital (continued):

(e) Stock options (continued):

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	Nine months ended December 31,	
	2011	2010
Risk-free interest rate	**1.67%**	2.24%
Expected life	**5**	5
Annualized volatility	**111.20**	119.00
Dividend rate	**-**	-
Grant date fair value	**$ 0.16**	$ 0.18

(f) Loss per share:

The effect of dilutive securities including options, warrants and convertible debentures has not been shown as the effect of all such securities is anti-dilutive.

12. Segmented information:

(a) Operating segments:

The Company operated in one operating segment, which is mineral exploration in the United States.

(b) Geographic segments:

The Company operates in two geographic segments, Canada and the United States.

13. Subsequent events:

Subsequent to period end, the Company issued 100,000 share options to certain consultants and strategic advisors.

Subsequent to period end, on February 3, 2012, the Company completed a third and final tranche of its non-brokered private placement consisting of an additional 1,442,234 units (the "Units") at price of $0.15 per Unit for gross proceeds of $216,335. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share for a period of 18 months $0.25 during the first 12 months and $0.35 during the last 6 months. In total, the Company sold an aggregate of 12,500,000 Units at a price of $0.15 per Unit for gross proceeds of $1,875,000. The net proceeds of the private placement will be used to finance the Company's gold exploration programs in Nevada, U.S.A and for general corporate purposes.

14. Transition to International Financial Reporting Standards

As stated in Note 2, these Condensed Consolidated Interim Financial Statements are for the period covered by the Company's first annual consolidated financial statements to be prepared in accordance with IFRS.

The accounting policies in Note 4 have been applied in preparing the Condensed Consolidated Interim Financial Statements for the nine months ended December 31, 2011, the comparative information for the nine months ended December 31, 2010, the financial statements for the year ended March 31, 2011 and the preparation of the opening IFRS statement of financial position on April 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position, comparative information for the nine months ended December 31, 2010 and financial statements for the year ended March 31, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accorded with GAAP.

An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected the following IFRS 1 optional exemptions:

- IFRS 2 Stock-based compensation. The Company will not elect to apply IFRS 2 to graded and vested share-based transactions prior to transition.
- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before August 1, 2010.
- The Company has applied the transitional provision in IFRIC 4 Determining whether an Arrangement contains a lease and has assessed all arrangements as at the date of transition.
- The Company has applied the transitional provisions of IFRIC 1. An election exists for decommissioning liabilities included in the cost of property, plant and equipment to not require the periodic re-measurement (and associated discounting and recalculation of depreciation) for changes in a decommissioning, restoration or similar liability.

14. Transition to International Financial Reporting Standards (continued):

Reconciliation of Assets, Liabilities & Equity:

	As at December 31, 2010			As at March 31, 2011		
	GAAP	Effect of transition to IFRS	IFRS	GAAP	Effect of transition to IFRS	IFRS
Assets						
Current assets:						
Cash and cash equivalents	$ 2,296,061	$ -	$ 2,296,061	$ 3,476,786	$ -	$ 3,476,786
Receivables	24,745	-	24,745	44,804	-	44,804
Prepaid expenses and deposits	39,306	-	39,306	84,574	-	84,574
	2,360,112	-	2,360,112	3,606,164	-	3,606,164
Non-current assets:						
Equipment	4,012	-	4,012	3,488	-	3,488
Mineral properties	1,335,568	(333,892)	1,001,676	1,497,151	(389,258)	1,107,893
Other assets	-	-	-	-	-	-
	$ 3,699,692	$ (333,892)	$ 3,365,800	$ 5,106,803	$ (389,258)	$ 4,717,545
Liabilities and Shareholders' Equity						
Current liabilities:						
Trade and other payables	$ 90,111	$ -	$ 90,111	$ 79,987	$ -	$ 79,987
	90,111	-	90,111	79,987	-	79,987
Non-current liabilities:						
Deferred tax liability	333,892	(333,892)	-	389,258	(389,258)	-
Shareholders' equity:						
Share capital	2,863,961	-	2,863,961	4,367,064	-	4,367,064
Warrants	1,178,477	-	1,178,477	1,233,547	-	1,233,547
Share option reserve	214,650	96,129	310,779	419,333	143,684	563,017
Accumulated deficit	(981,399)	(96,129)	(1,077,528)	(1,382,386)	(143,684)	(1,526,070)
	3,275,689	-	3,275,689	4,637,558	-	4,637,558
	$ 3,699,692	$ (333,892)	$ 3,365,800	$ 5,106,803	$ (389,258)	$ 4,717,545

Share based payments

Under GAAP, the Company measured share-based compensation related to share purchase options at fair value of the share purchase options granted using the Black-Scholes option pricing formula and recognized this expense over the vesting period of the options. For the purpose of accounting for share-based payment transactions an individual is classified as an employee when the individual is consistently represented to be an employee under law. The fair value of the share purchase options granted to employees is measured on the date of grant. The fair value of share purchase options granted to contractors and consultants are measured on the date the services are completed. Forfeitures are recognized as they occur.

14. Transition to International Financial Reporting Standards (continued):

IFRS 2, similar to GAAP, requires the Company to measure share-based compensation related to share purchase options granted to employees at the fair value of the share purchase options on the date of grant and to recognize such expense over the vesting period of the options. However, each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In addition, for share purchase options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured.

For the purpose of accounting for share based payment transactions 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. This definition of an employee is broader than that previously applied by the Company and resulted in certain contractors and consultants being classified as employees under IFRS.

For the share purchase options granted to individuals reclassified, changes in fair value after the grant date previously recognized for GAAP purposes have been adjusted.

Deferred tax liability

Under Canadian GAAP deferred tax liabilities were calculated following the acquisition of various mineral property assets. IFRS does not allow the recognition of deferred tax liabilities for temporary differences that arise in a transaction other than a business combination that at the time of the transaction affects neither the taxable accounting profit or loss. As a result, deferred tax liabilities recognised on asset acquisitions under Canadian GAAP have been derecognised under IFRS and netted against the corresponding deferred tax assets.

Effect on Condensed Consolidated Interim Statement of Comprehensive Loss

As a result of the transition to IFRS, comprehensive loss for the nine-month period ended December 31, 2010 increases from $672,906 to $769,035 as a result of an increase in share based payments by $96,129 as described under *"Share based payments"* above.

Presentation

As a result of the transition to IFRS, the Company decided to present its statement of comprehensive loss by nature and split its general and administrative expenses by nature of costs.

The transition to IFRS resulted in no significant changes in the presentation of the Company's cash flows.