

VALGOLD RESOURCES LTD.  
(an exploration stage company)  
CONSOLIDATED FINANCIAL STATEMENTS  
JULY 31, 2011 and 2010

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Consolidated Balance Sheets

As at July 31, 2011 and 2010

	2011	2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 424,744	\$ 116,725
Accounts receivable and prepaids (Note 4(a))	432,650	79,011
Investments (Note 5)	5,229,615	415,626
	6,087,009	611,362
<b>Buildings and equipment</b> (Note 6)	35,163	38,631
<b>Mineral property interests</b> (Note 4)	368,153	343,153
	\$ 6,490,325	\$ 993,146
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,029,120	\$ 1,261,119
Due to related parties (Note 8)	77,339	56,415
	1,106,459	1,317,534
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 7)	54,766,583	52,491,190
Warrants	315,982	98,250
Contributed surplus (Note 7 (d))	4,027,833	4,006,333
Accumulated other comprehensive income	(511,286)	226,625
Deficit	(53,215,246)	(57,146,786)
	5,383,866	(324,388)
	\$ 6,490,325	\$ 993,146

Nature of operations and liquidity (Note 1)

Subsequent events (Notes 4, 5 and 15)

See accompanying notes to consolidated financial statements.

Approved by the Directors

“Kenneth Yurichuk”

Kenneth Yurichuk  
Director

“Stephen J. Wilkinson”

Stephen J. Wilkinson  
Director

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Consolidated Statements of Operations and Deficit  
Years ended July 31, 2011 and 2010

	2011	2010
<b>Expenses</b>		
Amortization	\$ 1,896	\$ 8,097
Exploration expenses (Note 15)	2,083,769	209,674
Foreign exchange (gain)	(12,790)	(11,743)
Interest expense	580	10,844
Legal, accounting and audit	112,221	66,980
Management fees (Note 8 (b))	66,000	55,500
Office and administration (Note 8 (a))	85,268	60,450
Salaries and benefits	364,658	291,550
Shareholder communications	76,307	65,526
Stock-based compensation (Note 7 (d))	115,505	307,903
Travel and conferences	15,088	3,989
	2,908,502	1,068,770
Recovery in excess of mineral property acquisition costs (Note 4(a))	(6,514,845)	(57,012)
Recovery of bad debt	--	(64,005)
(Gain) loss on sale of investments	(169,278)	23,335
Write-down of mineral property interests (Note 4)	--	1,322,557
Interest	(469)	(15,170)
<b>Earnings (loss) before future income taxes</b>	3,776,090	(2,278,475)
Future income tax recovery (Note 9)	155,450	35,875
<b>Earnings (loss) for the year</b>	3,931,540	(2,242,600)
<b>Deficit, beginning of year</b>	(57,146,786)	(54,904,186)
<b>Deficit, end of year</b>	\$ (53,215,246)	\$ (57,146,786)
<b>Earnings (loss) per share – basic and diluted</b>	\$ 0.12	\$ (0.09)
<b>Weighted average number of common shares outstanding – basic</b>	31,689,311	24,217,907
<b>Weighted average number of common shares outstanding –diluted</b>	34,048,311	24,217,907

## Consolidated Statements of Comprehensive Income (Loss)

	2011	2010
<b>Earnings (loss) for the year before comprehensive income</b>	\$ 3,931,540	\$ (2,242,600)
Unrealized (loss) gain on available-for-sale investments, net of future income taxes	(568,633)	226,625
Realized gain (loss) on disposition of investments	(169,278)	(23,335)
<b>Comprehensive income (loss)</b>	\$ 3,193,629	\$ (2,039,310)

See accompanying notes to consolidated financial statements.

## VALGOLD RESOURCES LTD.

(an exploration stage company)

Consolidated Statements of Shareholders' Equity (Deficiency)

Years ended July 31, 2011 and 2010

	Common Shares Without Par Value		Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity (Deficiency)
	Shares	Amount					
Balance, July 1, 2010	21,954,907	51,610,414	386,642	3,295,707	(54,904,186)	--	388,577
Shares issued for other							
Finder's shares	268,500	48,330	--	--	--	--	48,330
Stock-based compensation	--	--	--	323,984	--	--	323,984
Revaluation of investments for the year	--	--	--	--	--	262,500	262,500
Future income tax related to investments	--	--	--	--	--	(35,875)	(35,875)
Warrants expired, unexercised	--	--	(386,642)	386,642	--	--	--
Private placement, less share issue costs	6,000,000	832,446	98,250	--	--	--	930,696
Loss for the year	--	--	--	--	(2,242,600)	--	(2,242,600)
<b>Balance, July 31, 2010</b>	<b>28,223,407</b>	<b>\$ 52,491,190</b>	<b>\$ 98,250</b>	<b>\$ 4,006,333</b>	<b>\$ (57,146,786)</b>	<b>\$ 226,625</b>	<b>\$ (324,388)</b>
Shares issued for other							
Finder's shares	180,000	48,600	--	--	--	--	48,600
Stock-based compensation	--	--	--	115,505	--	--	115,505
Private placement, less share issue costs	9,336,000	2,271,123	217,732	--	--	--	2,488,855
Stock options exercised	271,000	146,995	--	(94,005)	--	--	52,990
Revaluation of investments for the year	--	--	--	--	--	(604,508)	(604,508)
Future income tax related to investments	--	--	--	--	--	35,875	35,875
Future income tax on flow-through shares	--	(191,325)	--	--	--	--	(191,325)
Realized gains on disposition of investments	--	--	--	--	--	(169,278)	(169,278)
Earnings for the year	--	--	--	--	3,931,540	--	3,931,540
<b>Balance, July 31, 2011</b>	<b>38,010,407</b>	<b>\$ 54,766,583</b>	<b>\$ 315,982</b>	<b>\$ 4,027,833</b>	<b>\$ (53,215,246)</b>	<b>\$ (511,286)</b>	<b>\$ 5,383,866</b>

See accompanying notes to consolidated financial statements.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Consolidated Statements of Cash Flows

Years ended July 31, 2011 and 2010

	2011	2010
<b>Cash flows provided by (used in) operating activities</b>		
Earnings (loss) for the year	\$ 3,931,540	\$ (2,242,600)
Items not involving cash		
Amortization	8,030	14,231
Stock-based compensation (Note 7(d))	115,505	323,984
Gain (loss) on available-for-sale investments	(169,278)	23,335
Recovery of bad debt	--	(64,005)
Write-down of mineral property interests	--	1,322,557
Recovery in excess of mineral property acquisition costs(net)	(6,514,845)	(57,012)
Future income tax recovery	(155,450)	(35,875)
Changes in non-cash operating working capital		
Accounts receivable and prepaids	(28,639)	(24,613)
Accounts payable and accrued liabilities	(231,999)	(238,314)
Due to/from related parties	20,924	(9,109)
	(3,024,212)	(987,421)
<b>Cash flows provided by (used in) investing activities</b>		
Mineral property acquisition costs	(25,000)	(3,942)
Proceeds on sale of marketable securities	246,348	65,355
Proceeds from mineral property option	525,000	25,000
Purchase of equipment	(4,562)	--
Recovery of bad debt expense	--	78,815
	741,786	165,228
<b>Cash flows from financing activities</b>		
Common shares and warrants, less share issue costs	2,590,445	928,026
	2,590,445	928,026
<b>Increase in cash during the year</b>	308,019	105,833
<b>Cash and cash equivalents, beginning of year</b>	116,725	10,892
<b>Cash and cash equivalents, end of year</b>	\$ 424,744	\$ 116,725

Supplementary cash flow information (Note 12)

See accompanying notes to consolidated financial statements.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 1. Nature of operations and liquidity

ValGold Resources Ltd. ("the Company") is incorporated under the British Columbia Business Corporations Act. The Company is presently engaged in the business of exploration and development of mineral properties in Canada, Venezuela and Ukraine, and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable.

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. At July 31, 2011, the Company has no source of operating cash flow and an accumulated deficit of \$53,215,246 (2010 - \$57,146,786). At July 31, 2011, the Company has a working capital surplus of \$4,980,550. Operations for the year ended July 31, 2011, were funded primarily from a private placement completed on May 4, 2011, the sale of shares of marketable securities, the use of cash on hand, and the sale of the Garrison Project in Ontario. Management believes that at July 31, 2011, the Company has sufficient funds to meet its current committed property costs (see note 4 and 15) as well as administrative expenses for the near term, but this cannot be assured.

If the Company's exploration programs are successful, additional funds will be required to develop the Company's properties and to place them into commercial production. The only source of future funds presently available to the Company is through the issuance of share capital, or by the sale of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing or sale of an interest in the future will depend in part upon the prevailing market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised through the issuance of shares, control of the Company may change and shareholders may suffer dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests.

The amounts shown as mineral property interests represent acquisition costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral property interests is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 2. Significant accounting policies

### (a) Basis of presentation

These consolidated financial statements are prepared using accounting principles generally accepted in Canada ("Canadian GAAP") and include the accounts of ValGold Resources Ltd. and its wholly-owned subsidiaries, Grupo ValGold de Venezuela, C.A., and Global Horizon Inc., Honnold Corp. and its direct and indirect subsidiaries. All inter-company transactions are eliminated on consolidation.

All amounts are reported and measured in Canadian dollars.

### (b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates may include the valuation of royalty interests, impairment of equipment and mineral property interests, and valuation of stock-based compensation. Actual results could differ from those estimated.

### (c) Cash and cash equivalents

Cash and cash equivalents include cash and short-term money market investments that are readily convertible to cash with original maturities of 90 days or less from the original date of acquisition. Interest from cash and cash equivalents is recorded on an accrual basis.

### (d) Mineral property interests

Mineral property acquisition costs are recorded at cost. When shares are issued as part of mineral property costs, they are valued at the closing share price on the date of issuance. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment. Mineral property exploration costs are expensed until the property reaches the development stage. Once the property reaches the development stage, accumulated costs will be capitalized and amortized over the estimated useful life of the property following commencement of commercial production or will be written off if the property is sold, allowed to lapse, abandoned or determined to be impaired. Option payments received are treated as a reduction of the carrying value of the related mineral property interest until the Company's option and/or royalty payments received are in excess of costs incurred and then are credited to operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

The Company expenses exploration costs, administrative costs and property investigation costs as incurred.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 2. Significant accounting policies (continued)

### (e) Investments and comprehensive income

Investments other than derivatives are classified as available-for-sale, and are measured at fair value, where applicable, or at an estimate of fair value. Unrealized gains and losses are recognized directly in other comprehensive income, except for other than temporary impairment losses, and realized gains and losses which are recognized in net earnings. Investments are reviewed on a regular basis to determine whether there has been a decline in value that is other than temporary. If it is determined that the security is not impaired, a temporary loss shall be considered to have occurred and no impairment is recognized. If the decline in fair value is judged to be other than temporary, the cost basis of the individual security will be written down to fair value as a new cost basis and the amount of the write-down shall be included in earnings.

### (f) Buildings and equipment and amortization

Buildings and equipment are recorded at cost. Amortization is recorded using a straight-line method based on the estimated future lives of the assets at rates ranging from three to ten years.

### (g) Impairment of long-lived assets

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is measured and assets are written down to fair value, which is normally the discounted value of future cash flows. Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered by considering alternative methods of determining fair value.

### (h) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Potential future income tax assets also result from unused loss carry forwards and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 2. Significant accounting policies (continued)

### (i) Asset retirement obligations

Asset retirement obligations are recognized initially at fair value with a corresponding increase in related assets. The asset retirement obligation is accreted to full value over time through periodic accretion charges recorded to operations using the Company's credit adjusted risk free rate. In subsequent periods, the Company adjusts the carrying amounts of the asset retirement obligation and the related assets for changes in estimates of the amount or timing of underlying future cash flows.

### (j) Translation of foreign currencies

Balances denominated in currencies other than the Canadian dollar and the financial statements of integrated foreign operations are translated into Canadian dollars using the temporal method. Under this method, monetary items are translated at the rate of exchange in effect at the period end. Non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the average exchange rates prevailing during the period, except for amortization, which is translated at the same exchange rates as the assets to which it relates. Exchange gains or losses are included in income or loss for the year.

### (k) Share capital

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash or in a business combination are valued at the quoted price on the stock exchange on the date the shares are issued.

### (l) Flow-through common shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares. These instruments permit the enterprise to renounce, or transfer to the investor the tax deductions associated with an equal amount of qualifying resource expenditures. In accordance with the CICA Handbook Section 3465 – *Income Taxes*, and Emerging Issues Committee Abstract 146 – *Flow-through shares*, the Company records a future income tax liability on the date that the Company files the renouncement documents with the tax authorities, provided that there is reasonable assurance that the expenditures will be made. At the time of recognition of the future income tax liability, an offsetting reduction to share capital is made.

### (m) Stock-based compensation and other equity instruments

Stock-based compensation is recorded using a fair value based method on the date of grant, determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period of the options granted. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. Proceeds arising from the exercise of stock options are credited to share capital.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 2. Significant accounting policies (continued)

### (n) Earnings (loss) per common share

Basic earnings (loss) per common share is calculated by dividing the earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

If the Company incurs a loss, outstanding options and warrants are anti-dilutive and therefore basic and diluted loss per common share are the same.

### (o) Financial instruments

Financial assets, financial liabilities and non-financial derivative contracts are initially recognized at fair value on the balance sheet when the Company becomes a party to their contractual provisions. Measurement in subsequent periods depends on the financial instrument's classification. The Company's cash and cash equivalents are classified as held-for-trading and thus are recorded at fair value on the balance sheet, with changes in the fair value of these instruments reflected in operations.

Receivables are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

Investments are measured at fair value and changes in fair value are recognized in other comprehensive income until the instrument is derecognized or impaired.

Accounts payable and accrued liabilities and due to related party balances are initially recorded at fair value and subsequently measured at amortized cost.

Handbook Section 3862 includes additional disclosures about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosure include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The required disclosures are included in Note 10.

## 3. Accounting standards issued but not yet effective

Under a pronouncement issued by the Canadian Accounting Standards Board in February 2008, effective for its fiscal year commencing August 1, 2011 the Company will be required to adopt International Financial Reporting Standards ("IFRS") in replacement of Canadian GAAP, including restatement of amounts reported for comparative purposes. The Company will issue its first IFRS annual consolidated financial statements for the year ending July 31, 2012, with restatement of comparative balance sheets as at

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

July 31, 2011 and August 1, 2010 and statement of operations for the year ended July 31, 2011. During the year ending July 31, 2012, the Company will issue interim consolidated IFRS financial statements prepared in accordance with IAS 34 “*Interim Financial Reporting*” for the periods ending October 31, 2011, January 31, 2012 and April 30, 2012, with restatement of comparative balance sheets as at July 31, 2011 and August 1, 2010 and statements of operations for the comparative periods presented.

## 4. Mineral property interests

Detailed exploration expenditures incurred in respect to the Company’s mineral property interests owned, leased or held under option are disclosed in Note 15. Property payments made on the Company’s mineral property interests during the year ended July 31, 2011, are included in the property descriptions below.

<b>Year ended July 31, 2011</b>	<b>Opening Balance</b>	<b>Incurred</b>	<b>(Recoveries)</b>	<b>Closing Balance</b>
Tower Mountain Property, Ontario (c)	343,152	25,000	--	368,152
Venezuela Properties, Venezuela (d)	1	--	--	1
Garrison Property, Ontario (a)	--	--	--	--
<b>Total Acquisition Costs</b>	<b>\$ 343,153</b>	<b>\$ 25,000</b>	<b>\$ --</b>	<b>\$ 368,153</b>

  

<b>Year ended July 31, 2010</b>	<b>Opening Balance</b>	<b>Incurred</b>	<b>(Recoveries)</b>	<b>Closing Balance</b>
Tower Mountain Property, Ontario (c)	\$ 314,211	\$ 28,941	\$ --	\$ 343,152
Venezuela Properties, Venezuela (d)	1,322,558	(1,322,557)	--	1
Garrison Property, Ontario (a)	121,113	--	(121,113)	--
<b>Total Acquisition Costs</b>	<b>\$ 1,757,882</b>	<b>\$ (1,293,616)</b>	<b>\$ (121,113)</b>	<b>\$ 343,153</b>

### (a) Garrison Project, Ontario

In June 2005, the Company purchased 100% interest in 35 claims located in Garrison Township, Kirkland Lake District (“Garrison Project”), Larder Lake Mining Division in northern Ontario for a one-time cash payment of \$110,000.

On May 13, 2011 the Company closed a sales agreement with Northern Gold Mining Inc. (“Northern Gold”) for the Garrison Project and realized a gain of \$6,514,845 in earnings. In consideration for this sale, the Company received, at the closing, a cash payment of \$325,000 and a promissory note for an additional \$325,000 to be paid on or before August 13, 2011 (received); 16 million common shares in Northern Gold (“Northern Gold Shares”) (received) giving the Company aggregate ownership of approximately 14.8% of the issued and outstanding shares of Northern Gold on a non-diluted basis; a 2% net smelter return royalty of which (i) half (i.e. 1%) can be acquired by Northern Gold for \$5 million paid to the Company at any time upon the earlier of thirty-six months following the date of closing and the commencement of commercial production, and (ii) the remaining 1% can be acquired for a further payment of \$10 million at any time upon the earlier of seventy-two months following the date of closing and the commencement of commercial production. A \$Nil value was assigned to the net smelter return royalty received at the transaction date.

### (b) Tower Mountain Project, Ontario

The Company holds a 100% interest in the Tower Mountain Gold Property located in north western Ontario. Commencing in 2008, an annual pre-production royalty of \$25,000 in cash or shares is payable, ending on commencement of production. The property is subject to a 2.5% NSR on production which may be reduced to 1.5% by a payment to the optionors of \$1,000,000 at any time up to the commencement of

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

commercial production. As at July 31, 2011 there is a royalty payment of \$25,000 that is payable and included in accrued liabilities.

## **(c) Venezuela Properties, Venezuela**

On October 9, 2007, the Company completed the acquisition of all of the shares of Honnold Corp, a British Virgin Island company that indirectly held twenty-seven exploration licenses in Bolivar State, Venezuela (the "Venezuela Properties"). Due to uncertainties about the Company's ability to actively explore and finance its Venezuelan exploration property interests the Company wrote down its mineral property interests by \$1,322,557 to a nominal carrying value of \$1 in fiscal 2010.

Subsequent to the year end the company was notified that the Bolivarian Republic of Venezuela issued a Decree with the rank Value and Force of Organic Law Reserving to the State the Activities of Exploration and Exploitation of Gold and their Related and Auxilliary Activites. The Nationalization Law will be reducing the participation of current private investors, such as Valgold Resources Ltd. to a minority shareholding maximum of 45 % of the rights and assets of the mining companies already operating in Venezuela. The Nationalization Law will considerably change the governance of the companies.

Valgold in conjunction with its advisors, intends to take all necessary steps afforded to it to protect its investment.

## **(d) Property Investigation**

### **Muzhievo Project, Ukraine**

During the year the Company expended \$1,229,161 on property investigations related to acquiring a 75% interest in a private Ukrainian company, Klinservis – Center Ltd., which is to hold a 25 year mining licence over the past producing Muzhievo gold-silver mine and the surrounding mineral fields of the Beregovo Mining District in the western Ukraine.

See subsequent events (Note 14).

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 5. Investments

	Number of Shares	Cost July 31, 2011	Fair Value July 31, 2011
Northern Gold Mining Inc. (Note 4(a))	17,377,500	\$ 5,720,855	\$ 5,229,614
Quorum Management and Administrative Services Inc.	1	1	1
<b>Total</b>		<b>\$ 5,720,856</b>	<b>\$ 5,229,615</b>

  

	Number of Shares	Cost July 31, 2010	Fair Value July 31, 2010
Northern Gold Mining Inc. (Note 4(a))	2,187,500	\$ 153,126	\$ 415,625
Quorum Management and Administrative Services Inc.	1	1	1
<b>Total</b>		<b>\$ 153,127</b>	<b>\$ 415,626</b>

During the year ending July 31, 2011, the Company sold 810,000 common shares of Northern Gold Mining Inc. for net proceeds of \$224,321.

Subsequent to July 31, 2011, the Company sold 1,329,000 shares of Northern Gold for net proceeds of \$412,766.

## 6. Buildings and equipment

	Cost	Accumulated Amortization	2011 Net Book Value	Cost	Accumulated Amortization	2010 Net Book Value
Office equipment	13,120	9,948	3,172	30,715	29,049	1,666
Buildings	61,339	30,972	30,367	61,339	24,838	36,501
Computer equipment	20,435	18,811	1,624	18,626	18,162	464
Field equipment	32,075	32,075	--	53,282	53,282	--
	<b>\$ 126,969</b>	<b>\$ 91,806</b>	<b>\$ 35,163</b>	<b>\$ 163,962</b>	<b>\$ 125,331</b>	<b>\$ 38,631</b>

## 7. Share capital

### (a) Authorized

Unlimited number of common shares without par value

At the Annual and Special General Meeting of its shareholders held on February 3, 2010, the shareholders approved a special resolution to alter the Company's authorized share structure by consolidating all of the issued and outstanding common shares without par value, of which 21,954,907 post-consolidation common shares were issued, based on 109,774,536 pre-consolidation common shares issued on March 1, 2010, and a consolidation on the basis of five (5) pre-consolidation common shares to one (1) post-consolidation common share, after adjusting for rounding, or 21,954,907 common shares. All periods presented have been retroactively adjusted to reflect this reverse split.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## **(b) Issued and fully paid**

See consolidated statements of shareholders' equity.

## **(c) Private placements**

### **2011**

A first tranche of 1,110,000 units totalling \$333,000 closed on November 23, 2010. Each unit consists of one flow-through common share and one non-transferable non-flow-through share purchase warrant. Each warrant is exercisable for one additional non-flow-through common share for a period of two years from the date of issue at a price of \$0.50 per share. Finders' fees of \$15,000 were paid in association with this portion of the offering. In addition, the Company issued 50,000 finder's warrants which are exercisable to purchase one common share of the Company at a price of \$0.30 until November 23, 2012. The value allocated to each of the warrants using a modified Black-Scholes calculation with a volatility factors of 96% and a risk-free rate of 1.6% ranges from \$0.07 per warrant and \$0.12 per finders' warrants

A second tranche of 1,441,000 units totalling \$432,300 with the same terms as described above closed on December 20, 2010. Finders' fees of \$19,500 were paid in association with this portion of the offering. In addition, the Company issued 65,000 finder's warrants which are exercisable to purchase one common share of the Company at a price of \$0.30 up to December 21, 2012. The value allocated to each of the warrants using a modified Black-Scholes calculation with a volatility factors of 96% and a risk-free rate of 1.6% ranges from \$0.07 per warrant and \$0.15 per finders' warrants.

On May 4, 2011 the Company completed a non-brokered private placement of a total of 6,785,000 common shares at a price of \$0.27 per share for gross proceeds of \$1,831,950. Finder's commission was paid comprising 180,000 common shares of the Company and 180,000 Finder's Warrants. Each Finder's Warrant is exercisable to acquire one common share in the capital of the Company at a price of \$0.30 per share up to November 3, 2012. The value allocated to each of the warrants using a modified Black-Scholes calculation with a volatility factors of 57% and a risk-free rate of 1.68% is \$9,804.

### **2010**

During the year ended July 31, 2010, the Company completed a private placement in two tranches of 6,000,000 Subscription Receipts at a price of \$0.17, for gross proceeds of \$1,020,000, which immediately converted to 6,000,000 units comprised of one common share and one share purchase warrant, immediately upon closing, March 3, 2010, and April 13, 2010, due to the share consolidation of the Company, which was effective March 1, 2010.

Each unit consists of one consolidated common share and one non-transferable purchase warrant exercisable to purchase one additional common share at a price of \$0.25 for a period of five (5) years after the closing date. If the closing price of the common shares of the Company on the TSX Venture Exchange, or such other stock exchange or quotation system on which the Company's common shares are then traded, is not less than \$0.50 per share for a period of 10 consecutive trading days (whether or not a trade occurs on any of such days), then the Company may elect to accelerate the expiry time of any unexercised share purchase warrants by sending notice to the holder.

Finders' fees totalling \$52,580 were paid consisting of \$4,250 in cash, 25,000 finders' warrants and the balance of \$48,330 paid in 268,500 units and 268,500 finders' warrants. Finders' warrants are exercisable to purchase one share at a price of \$0.25 for a period of 18 months. The value allocated to each of the warrants using a modified Black-Scholes calculation with a volatility factors of 88% to 110% and a risk-

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

free rates of 1% to 2.5% ranges from \$0.01 to \$0.02 per warrant and \$0.06 to \$0.09 for the finders' warrants.

(d) **Stock options** (see Consolidated Statements of Shareholders' Equity)

In January 2008, the shareholders approved a 10% rolling stock option plan as prescribed by the policies of the TSX Venture Exchange. The Company has a stock option plan for its directors, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. Options generally vest immediately or over a two-year period, and have a maximum term of ten years. The plan currently allows for the issuance of up to 3,801,041 (2010 – 2,822,341) stock options. The following table summarizes changes in the number of stock options outstanding:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Balance, July 31, 2009	828,000	\$0.19
Granted	2,040,000	\$0.20
Cancelled and forfeited	(135,000)	\$0.19
Balance, July 31, 2010	2,733,000	\$0.20
Granted	555,000	\$0.31
Exercised	(271,000)	\$0.20
Cancelled and forfeited	(103,000)	\$0.19
Balance, July 31, 2011	2,914,000	\$0.22
Exercisable at July 31, 2011	2,857,750	\$0.22

On May 11, 2010, the Company re-priced 693,000 post-consolidation stock options to a price of \$0.19, as approved by the shareholders at the Company's annual meeting held in February 2010. The attributed value for stock options granted during the year ended July 31, 2011, using the Black-Scholes valuation model was \$115,505.

The following table summarizes information about the stock options granted and re-priced during the years ended July 31, 2011 and 2010, and outstanding as at July 31, 2011:

	<b>Years ended July 31,</b>	
	<b>2011</b>	<b>2010</b>
Risk free interest rate	2.1%	1.01%-2.72%
Expected life (years)	5.0 years	0.6 years-3.8 years
Expected volatility	87%	96.4%-175.2%
Expected dividends	--	--
Weighted average fair value per option granted	\$0.31	\$0.14

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 7. Share capital (continued)

Number Outstanding at July 31, 2011	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
280,000	0.7	\$0.19
30,000	0.9	\$0.19
70,000	1.4	\$0.19
89,000	2.3	\$0.19
1,890,000	3.7	\$0.20
555,000	4.7	\$0.31
2,914,000	4.0	\$0.22

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. The Company's stock options are not transferable and cannot be traded. The Black-Scholes model also requires an estimate of expected volatility so the Company uses historical volatility rates to arrive at an estimate. Changes in the subjective input assumptions can materially affect the fair Black-Scholes value estimate of stock options granted. The value of stock options related to stock-based compensation charged to contributed surplus in the year ended July 31, 2011, was \$115,505 (2010 - \$323,984). This includes \$Nil (2010 - \$16,081) included in exploration expenses.

(e) **Warrants** (See Consolidated Statements of Shareholders Equity)

The following table summarizes recent changes in the number of warrants outstanding:

	Warrants	Weighted Average Exercise Price
Balance, July 31, 2009	2,107,000	\$1.58
Issued	6,562,000	\$0.25
Expired, unexercised	(2,107,000)	(1.58)
Balance, July 31, 2010	6,562,000	\$0.25
Issued	2,846,000	\$0.48
Balance, July 31, 2011	9,408,000	\$0.32

As at July 31, 2011, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
4,463,500	\$0.25	March 3, 2015
1,805,000	\$0.25	April 13, 2015
293,500	\$0.25	September 3, 2011
50,000	\$0.30	November 23, 2012
1,110,000	\$0.50	November 23, 2012
65,000	\$0.30	December 20, 2012
1,441,000	\$0.50	December 20, 2012
180,000	\$0.30	November 3, 2012
9,408,000	\$0.32	

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 8. Related party transactions and balances

Services provided by:	Years ended July 31,	
	2011	2010
Quorum Management and Administrative Services Inc. (a)	\$ 528,029	\$ 439,751
Kent Avenue Consulting Ltd. (b)	30,000	30,000

  

Balances payable to:	July 31, 2011		July 31, 2010	
	Quorum Management and Administrative Services Inc. (a)	\$	(77,339)	\$

- (a) Management, administrative, geological and other services have been provided by Quorum Management and Administrative Services Inc. ("Quorum"), formerly LMC Management Services Ltd. since August 1, 2001. Quorum is a private company held jointly by the Company and other public companies, providing services on a full cost recovery basis to the various public entities currently sharing office space with the Company. At July 31, 2011, the Company has a 1/3 interest in Quorum at a cost of \$1. There is no difference between the cost of \$1 and equity value. Three months of estimated working capital is required to be on deposit with Quorum under the terms of the services agreement, and at July 31, 2011, the Company did not have three months of fees advanced to Quorum.
- (b) Consulting fees of \$30,000 (2010 - \$30,000) are paid indirectly to Kent Avenue Consulting Ltd., a private company controlled by a director, Sargent H. Berner. These fees are paid through Quorum, and are also included in the balance for 'services provided by Quorum'. Any amount owing to Kent Avenue Consulting Ltd. is owed by Quorum, and so is included in the net payable to Quorum.

Transactions with related parties are recorded at their exchange values which are the amounts entered into and agreed by both parties.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 9. Income taxes

- (a) The recovery of income taxes shown in the consolidated statements of operations and deficit differs from the amounts obtained by applying statutory rates due to the following:

	2011	2010
Statutory tax rate	28.16%	29.63%
Earnings (Loss) for the year before taxes	\$ 3,776,090	\$ (2,278,475)
Provision for income taxes based on combined		
Canadian federal and provincial tax rates	1,007,450	(664,482)
Non-deductible and permanent differences	429,000	108,549
Other	167,000	(15,459)
Effect of change in tax rate on future tax assets	--	18,265
Change in valuation allowance	(1,448,000)	517,252
	\$ 155,450	\$ (35,875)

- (a) The significant components of the Company's future tax assets are as follows:

	2011	2010
Temporary difference in value for mineral property interests - Canada	\$ 3,558,000	\$ 5,083,809
Capital losses carried forward	1,649,000	1,662,228
Marketable securities	(241,000)	--
Share issuance costs	23,000	47,061
Operating loss carried forward	720,000	580,481
Future tax assets	6,191,000	7,373,579
Valuation allowance for future tax assets	(6,191,000)	(7,373,579)
	\$ --	\$ --

The realization of benefits related to these future potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no net future income tax asset has been recognized for accounting purposes.

The Company has Canadian capital losses carried forward of \$2,079,000. The Company has non-capital losses carried forward of \$1,078,000 expiring in 2028, and \$903,000 expiring in 2029, \$394,000 expiring in 2030 and \$504,000 expiring in 2031.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 10. Financial instruments and risk management

As at July 31, 2011, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	Fair Value	2011 Carrying Value	Fair Value	2010 Carrying value
<b>Held-for-trading</b>				
Cash and cash equivalents	\$ 424,744	\$ 424,744	\$ 116,725	\$ 116,725
	\$ 424,744	\$ 424,744	\$ 116,725	\$ 116,725
<b>Available-for-sale</b>				
Investments	\$ 5,229,615	\$ 5,229,615	\$ 415,626	\$ 415,626
Accounts payable and accrued liabilities	1,029,120	1,029,120	1,261,119	1,261,119
Due to related party	77,339	77,339	56,415	56,415
	\$ 6,336,074	\$ 6,336,074	\$ 1,733,160	\$ 1,733,160

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments.

### a) Categorization and Valuation

Within the fair value hierarchy, the fair-values of the Company's financial instruments are calculated as follows:

	2011	2010
Cash and cash equivalents	Level 2	Level 2
Investments without hold period	Level 1	Level 1
Investments with hold period	Level 2	--
Accounts payable and accrued liabilities	Level 2	Level 2
Due to related parties	Level 2	Level 2

The Company has categorized its financial instruments as follows:

i) Cash and cash equivalents are categorized as held for trading, and are recorded at their fair value with changes in fair value recorded in the consolidated statement of operations;

ii) Accounts receivable are categorized as loans and receivables, and are recorded at amortized cost using the effective interest rate method. Due to the short term nature of receivables, the Company estimates that their fair value approximates their face value.

iii) Investments are categorized as available-for-sale and are recorded at their fair value. Changes in fair value are recognized in other comprehensive income until the instrument is derecognized or impaired.

iv) Accounts payable and accrued liabilities and due to related parties are categorized as other financial liabilities and are recorded at their amortized cost using the effective interest rate method. Due to the short-term nature of accounts payable and accrued liabilities, the Company estimates that their fair value approximates their face value.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 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 obligations. The Company's exposure to credit risk at the balance sheet date under its financial instruments is summarized as follows:

	July 31, 2011	July 31, 2010
Accounts and other receivables -		
Currently due	\$ 432,650	\$ 79,011
Past due by 90 days or less, not impaired	--	--
Past due by greater than 90 days, not impaired	--	--
	432,650	79,011
Cash and cash equivalents	424,744	116,725
	\$ 857,394	\$ 195,736

Substantially all of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily its investment in marketable securities of publicly-traded companies and any receivables. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at July 31, 2011, is the carrying value of its financial assets.

## Additional information relating to liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset (see Note 9). At July 31, 2011, the contractual maturities of which at July 31, 2011, are summarized as follows:

	2011	2010
Accounts payable and accrued liabilities with contractual maturities -		
Within 90 days or less	\$ 754,428	\$ 751,887
In later than 90 days, not later than one year	--	--
Due to related parties with contractual maturities		
Within 90 days or less	352,031	565,647
In later than 90 days, not later than one year	--	--

## Market risks

The significant market risks to which the Company is exposed include commodity price risk, interest rate risk and foreign exchange risk.

- Interest rate risk

The Company has no significant exposure at July 31, 2011, to interest rate risk through its financial instruments.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 10. Financial instruments and risk management (continued)

- Currency risk

The Company's currency risk arises primarily with fluctuations in United States dollar and the Venezuelan bolivar. The Company has no revenue and any exposure to currency risk is related to expenditures by the Company in United States dollars or the Venezuelan bolivar, as the majority of operating expenses are payable in Canadian dollars. The currency risk by the Company relates to unpaid liabilities of the Company payable in United States dollars or Venezuelan bolivars.

The Company has not hedged its exposure to currency fluctuations. At July 31, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in United States dollars and Venezuelan bolivars, but presented in Canadian dollar equivalents. The Company uses the parallel market rates when converting its transactions and assets and liabilities in Venezuelan bolivars.

	July 31, 2011	July 31, 2010
<b>United States dollars</b>		
Cash and cash equivalents	34,822	53,999
Accounts payable and accrued liabilities	(129,151)	(337,508)
<b>Venezuelan bolivars</b>		
Cash and cash equivalents	357,963	1,053
Accounts payable and accrued liabilities	(404,040)	(284,887)

Based on the above net exposures at July 31, 2011, and assuming that all other variables remain constant a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in an increase/decrease of \$9,433 (2010 - \$28,351) in the Company's gain (loss) from operations, and a 10% appreciation or depreciation of the Canadian dollar against the Venezuelan bolivar would result in an increase/decrease of \$4,608 (2010 - \$28,383) in the Company's gain (loss) from operations. The Company's exposure will primarily be due to changes in the US dollar, as a significant portion of its accounts payable and accrued liabilities are in US dollars.

## 11. Management of capital

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests and to maintain a flexible capital structure which will optimize the costs of capital at an acceptable risk.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk. (See Note 1).

There are no externally imposed capital requirements to which the Company is subject.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

## 12. Supplementary cash flow information

The Company conducted non-cash financing and investing activities as follows:

	2011	2010
Shares received under option agreement on mineral property interest	\$ --	\$ (153,125)
Mineral property acquisition costs included in accounts payable	\$ 25,000	\$ 50,000
Finders' fees	\$ 48,600	\$ 48,330

## 13. Segmented information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Canada, Venezuela and the Ukraine. All of the investment income is earned in Canada.

The Company's geographic segments by mineral property interests, equipment and other assets are as follows:

July 31, 2011	Canada	Venezuela	Total
Mineral property interests	\$ 369,134	\$ 1	\$ 369,135
Equipment	\$ 35,163	\$ --	\$ 35,163
Other	\$ 6,086,027	\$ --	\$ 6,086,027
Total assets	\$ 6,490,324	\$ 1	\$ 6,490,325

July 31, 2010	Canada	Venezuela	Total
Mineral property interests	\$ 343,152	\$ 1	\$ 343,153
Equipment	\$ 38,631	\$ --	\$ 38,631
Other	\$ 611,362	\$ --	\$ 611,362
Total assets	\$ 993,145	\$ 1	\$ 993,146

## 14. Subsequent event

On September 15, 2011 the Company entered into an agreement to acquire a 75% interest in a private Ukrainian company, Klinservis – Center Ltd., which is to hold title to a 25 year mining licence over the past producing Muzhievo gold-silver mine and the surrounding mineral fields of the Beregov Mining District in western Ukraine ("the MBK Project").

ValGold has agreed to purchase the 75% interest in the private company established for this transaction by issuing 3.5 million common shares of ValGold and for cash of US\$10.0 million dollars. Upon ValGold's satisfactory completion of Due Diligence and the Legal Confirmation of the mineral title, ValGold will pay to the Selling Group a total 3.5 million common shares in two payments where:

- 1.5 million shares are to be issued subject to regulatory approval of the transaction, and;
- 2.0 million shares are to be issued 12 months following the date of issue of the first share payment.

ValGold will make cash payments totalling US\$10.0 million in three instalments as follows:

# **VALGOLD RESOURCES LTD.**

(an exploration stage company)

Notes to Consolidated Financial Statements

Years ended July 31, 2011 and 2010

- The first instalment will be US\$2.5 million to be paid with the first share payment;
- The second instalment will be US\$2.5 million to be paid with the second share payment, and;
- The final cash instalment of US\$5.0 million will be paid on or before the date 12 months following the second instalment.

# VALGOLD RESOURCES LTD.

(an exploration stage company)

Note 15: Exploration Expenses

Year ended July 31, 2011

	Tower Mountain and Other, Ontario	Venezuelan Properties, Venezuela	Muzhievo Properties, Ukraine	Manitoba Properties	Garrison Property, Ontario	Guyana Properties, Guyana	Exploration Expenses July 31, 2011
<b>Exploration expenses</b>							
Incurring and expensed to July 1, 2010	\$ 2,691,500	\$ 3,701,483	\$ --	\$ 239	\$ 3,703,458	\$ --	\$ 10,096,680
Incurring during the year							
Assay and analysis	101,072	--	--	--	--	--	101,072
Drilling	431,742	--	--	--	--	--	431,742
Geological and geophysical	98,097	--	--	--	--	--	98,097
Land lease and property taxes	--	344,297	--	--	--	--	344,297
Property investigations	--	--	1,230,143	--	--	--	1,230,143
Site activities	15,025	59,593	--	--	2,635	--	77,253
Travel and accommodation	9,988	1,687	--	--	--	--	11,675
Recovery of exploration costs accrued	--	--	--	--	--	(210,510)	(210,510)
<b>Exploration expense, year ended July 31, 2011</b>	\$ 655,924	\$ 405,577	\$ 1,230,143	\$ --	\$ 2,635	\$ (210,510)	\$ 2,083,769
<b>Cumulative exploration costs for mineral property interests held at July 31, 2011</b>	\$ 3,347,424	\$ 4,107,060	\$ 1,230,143	\$ 239	\$ 3,706,093	\$ (210,510)	\$ 12,180,449

## VALGOLD RESOURCES LTD.

(an exploration stage company)

Note 15: Exploration Expenses

Year ended July 31, 2010

	Tower Mountain and Other, Ontario	Venezuelan Properties, Venezuela	Manitoba Properties	Garrison Property, Ontario	Exploration Expenses July 31, 2010
<b>Exploration expenses</b>					
Incurred and expensed to July 1, 2009	\$ 2,669,248	\$ 3,521,214	\$ 176	\$ 3,696,368	\$ 9,887,006
Incurred during the year					
Geological and geophysical	19,500	3,170	52	--	22,722
Land lease and property taxes	--	117,428	--	--	117,428
Site activities	2,500	40,392	11	7,090	49,993
Stock-based compensation (Note 7 (d))	--	16,081	--	--	16,081
Travel and accommodation	252	3,198	--	--	3,450
<b>Exploration expense, year ended July 31, 2010</b>	<b>\$ 22,252</b>	<b>\$ 180,269</b>	<b>\$ 63</b>	<b>\$ 7,090</b>	<b>\$ 209,674</b>
<b>Cumulative exploration costs for mineral property interests held at July 31, 2010</b>	<b>\$ 2,691,500</b>	<b>\$ 3,701,483</b>	<b>\$ 239</b>	<b>\$ 3,703,458</b>	<b>\$ 10,096,680</b>

