Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three month periods ended March 31, 2011 and 2010

Josephine Mining Corp.

Condensed Unaudited Interim Consolidated Financial Statements

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JOSEPHINE MINING CORP.
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian dollars)

	March 31, 2011	December 31, 2010	January 1, 2010
	(unaudited)	(unaudited)	(unaudited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$6,222,342	$16,022	$38,911
Prepaid expenses	8,399	11,446	11,783
Accounts receivable	18,907	-	-
Total Current Assets	6,249,648	27,468	50,694
NON-CURRENT ASSETS			
Property purchase option (Note 5)	1,137,541	1,129,760	739,319
Deposits	17,018	17,502	18,384
Investment in mineral properties (Note 6)	2,243,293	-	-
Total Non-Current Assets	3,397,852	1,147,262	757,703
TOTAL ASSETS	$9,647,500	$1,174,729	$808,397
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	$311,861	$314,284	$53,767
Accrued liabilities - related parties	202,622	203,752	67,232
Accrued liabilities - non-related parties	23,097	15,002	-
Total Current Liabilities	537,580	533,038	120,999
STOCKHOLDERS' EQUITY			
Share capital (Note 7)	8,048,468	1,760,755	1,207,151
Share issuance costs	(800,031)	-	-
Contributed surplus (Note 7)	183,198	-	-
Warrants (Note 7)	3,504,149	46,825	46,825
Accumulated deficit	(1,723,999)	(1,086,849)	(589,669)
Accumulated other comprehensive income	(101,866)	(79,040)	23,090
Total Stockholders' Equity	9,109,919	641,691	687,398
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$9,647,500	$1,174,729	$808,397

GOING CONCERN (Note 2)

SUBSEQUENT EVENTS (Note 12)

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

JOSEPHINE MINING CORP.
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian dollars)

	For the three months ended March 31, 2011 (unaudited)	For the three months ended March 31, 2010 (unaudited)
REVENUES	-	-
OPERATING EXPENSES		
General and administrative	$118,332	$57,057
Exploration	31,428	154,711
Payroll	10,619	-
Stock based compensation	8,972	-
Public company listing (Note 3)	458,329	-
Listings and filings fees	9,289	-
Bank charges and interest	156	-
TOTAL EXPENSES	637,125	211,768
OTHER INCOME AND EXPENSES		
Other income	878	-
Foreign exchange gain/(loss)	(902)	-
TOTAL OTHER INCOME AND EXPENSES	(24)	-
NET LOSS	(637,150)	(211,768)
OTHER COMPREHENSIVE INCOME	(22,826)	(17,468)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO STOCKHOLDERS	($659,976)	($229,237)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	($0.23)	($0.19)
WEIGHTED AVERAGE COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED	2,761,390	1,100,000

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

JOSEPHINE MINING CORP.
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian dollars)

	Three month period ended March 31, 2011 (unaudited)	Three month period ended March 31, 2010 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	($637,150)	($211,768)
Stock compensation expense	8,972	-
Public company listing expense	458,329	-
Foreign currency translation	(22,826)	(17,468)
Change in investment in mineral properties	(2,243,293)	-
Changes in assets and liabilities:		
Decrease in prepaid expenses	3,047	6,171
Increase in accounts receivable	(18,907)	-
Decrease in accounts payable	(2,423)	(25,995)
Increase (decrease) in accrued liabilities - related parties	(1,130)	27,715
Increase in accrued liabilities - other	8,095	-
Net cash provided by operating activities	($2,447,286)	($221,345)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in property purchase option	(7,781)	(1,146)
Change in deposits	484	530
Net cash used by investing activities	($7,297)	($616)
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity financing	-	195,224
Qualifying transaction and unit financing	8,660,903	-
Net cash provided by financing activities	$8,660,903	$195,224
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	$6,206,320	(26,737)
Cash, beginning of period	16,022	38,866
Cash, end of period	$6,222,342	$12,129

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

JOSEPHINE MINING CORP.
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Stated in Canadian dollars)

	Share capital							
	Number of shares	Amount	Warrants	Contributed Surplus	Share issuance costs	Deficit	Accumulated other comprehensive income	Total
Balance, January 1, 2010	10,500,010	$1,207,151	$46,825	-	-	($589,669)	$23,090	$687,398
Additional capital contributed	-	553,605	-	-	-	-	-	553,605
Loss for period	-	-	-	-	-	(497,181)	-	(497,181)
Other comprehensive income for the period	-	-	-	-	-	-	(102,130)	(102,130)
Balance, December 31, 2010	10,500,010	1,760,755	46,825	-	-	(1,086,849)	(79,040)	641,691
Additional capital contributed	-	39,243	-	-	-	-	-	39,243
Unit offering shares	14,000,000	7,000,000	-	-	-	-	-	7,000,000
Unit offering warrants	-	(1,214,031)	1,214,031	-	-	-	-	-
0890810 B.C. Ltd. shares eliminated	(10,500,000)	-	-	-	-	-	-	-
Qualifying Transaction	10,500,000	425,000	2,243,293	-	(800,031)	-	-	1,868,262
Green Park shares acquired	850,000	-	-	-	-	-	-	-
Incentive stock options	-	-	-	8,972	-	-	-	8,972
Corporate finance units	75,000	37,500	-	6,504	-	-	-	44,004
Agent's option	-	-	-	167,722	-	-	-	167,722
Loss for period	-	-	-	-	-	(637,150)	-	(637,150)
Other comprehensive income for the period	-	-	-	-	-	-	(22,826)	(22,826)
Balance, March 31, 2011	25,425,010	$8,048,468	$3,504,149	$183,198	($800,031)	($1,723,999)	($101,866)	$9,109,920

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

1. Nature of operations and continuance of operations

Josephine Mining Corp. (the "Company") (formerly Green Park Capital Corp.) was incorporated on June 4, 2007 under the Business Corporations Act of British Columbia and is in the exploration stage. The registered office of the Company is Suite 700, 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8. On March 24, 2011, the Company completed its Qualifying Transaction (see Note 3), as defined under the rules of the TSX Venture Exchange (the "Exchange"), by acquiring 0890810 B.C. Ltd. ("0890810"). 0890810 amalgamated with 0854742 B.C. Ltd. ("0854742"), which was formerly known as Josephine Mining Corp., immediately prior to the Qualifying Transaction. Since incorporation, 0854742's sole activities have related to the retention and exploration of mineral properties known as the Turner Gold Property (including ancillary properties) located in southern Oregon. The Turner Gold Property is therefore the Company's primary asset and the focus of all of the Company's operating activities.

The Company was formerly classified as a Capital Pool Corporation within the meaning ascribed by Exchange Policy 2.4. In March 2008, the Company completed an initial public offering of 3,000,000 common shares. The Company's shares began trading on March 24, 2008 under the trading symbol "GRP.P". The Company was required to complete its Qualifying Transaction within 24 months of listing on the Exchange, which was March 24, 2010.

In connection with the Qualifying Transaction, the Company changed its name to Josephine Mining Corp., has ceased to be a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange and commenced trading as a Tier 2 mining issuer on the Exchange on March 29, 2011. On commencement of trading the Company's trading symbol changing from "GRP.H" to "JMC".

2. Going Concern

These condensed interim consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, the Company has had no operating revenues and has incurred an accumulated loss of $1,723,999 through March 31, 2011. These factors raise doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon obtaining necessary financing to complete exploration activities and place a mineral property into commercial production. Management is actively targeting sources of additional financing and while the Company has been successful in raising funds from related parties and other private parties in the past, there can be no assurance that it will be able to do so in the future. There can be no objective reliance on continuing support from related parties, which has been essential for the Company's development. The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Presented in Canadian dollars

3. Qualifying Transaction and Financing

Pursuant to the terms of the Qualifying Transaction, the Company issued 10,500,010 common shares to effect the acquisition of 100% of the issued and outstanding shares of 0890810. In addition, the Company issued 14,000,000 common shares to replace 14,000,000 shares issued by 0854742 pursuant to a unit offering (“the Unit Offering”) completed immediately prior to the Qualifying Transaction. Each unit issued consisted of one common share and one half of one common share purchase warrant to acquire one common share at an exercise price of $0.75 before March 24, 2013. The unit price was $0.50, resulting in gross proceeds to 0854742 of $7,000,000.

In conjunction with the Qualifying Transaction, the Company also:

1. Granted 5,250,000 common share purchase warrants with an exercise price of $1.50 and an expiration date of March 24, 2016. These warrants were granted to replace 5,250,000 warrants previously granted by 0890810 in conjunction with 0890810’s acquisition of the Turner Gold Property (see Note 7).

2. Granted 5,250,000 common share purchase warrants with an exercise price of $2.00 and an expiration date of March 24, 2016. These warrants were granted to replace 5,250,000 warrants previously granted by 0890810 in conjunction with 0890810’s acquisition of the Turner Gold Property (see Note 7).

3. Granted 7,000,000 warrants with an exercise price of $0.75 and an expiration date of March 24, 2013 to replace the warrants granted as part of the Unit Offering (see Note 7).

4. Issued 75,000 corporate finance units, each consisting of one common share and one warrant with an exercise price of $0.75 and an expiration date of March 24, 2013. The corporate finance units were issued to the agents acting for the Company on the Unit Offering (see Note 7).

The Qualifying Transaction was considered a reverse acquisition of a non-trading shell company within the meaning ascribed by IFRS 2 – Share Based Payment. 0890810 was deemed the accounting acquirer and the continuing historical accounting information is from its operations.

The net liabilities of the Company at the date of acquisition were as follows:

Cash	$11,781
Receivables	3,999
Payables and accrued liabilities	(49,109)
	($33,329)

The fair value of the consideration transferred was $425,000, resulting in a public listing expense of $458,329 on the transaction.

4. Significant Accounting Policies

a) Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS would replace Canadian generally accepted accounting principles ("CGAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS consolidated financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. The Company applied IFRS 1 – First Time Adoption of International Financial Reporting Standards in the preparation of these financial statements (See Note 11 for an explanation of the transition from CGAAP to IFRS). Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with CGAAP.

These financial statements were approved by the Company's board of directors on June 14, 2011.

b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on March 31, 2011.

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 CGAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements. The impact of the transition from GAAP to IFRS is explained in Note 11.

c) Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and 0890810, the Company's sole wholly-owned subsidiary. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the condensed consolidated interim financial statements.

d) Foreign currencies

The presentation and functional currency of the Company is the Canadian dollar. The functional currency of 0890810 is the United States dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date all assets and liabilities that are denominated in foreign currencies are translated at period end rates prevailing at the date of the statement of financial position.

e) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises cash and cash equivalents, derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive income.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive income.

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities - This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

f) Cash and cash equivalents

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

g) Impairment of equipment and intangible assets (excluding goodwill)

Equipment and finite life intangible assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Indications of impairment may include, but are not limited to, significantly declining precious metals prices or increased risk of realization of a return on investment on precious metals properties.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Revenue is recognized as interest accrues (using the effective interest rate, that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

i) Exploration and evaluation

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Upon transfer of “Exploration and evaluation costs” into “Mine Development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities will be capitalized within “Mine development”. After production starts, all assets included in “Mine development” will be transferred to “Producing Mines”.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

j) Income taxes

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

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

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Share-based payment transactions

The Company’s share option plan allows the Company’s employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment 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.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Upon exercise of options the expense previously recognized in relation to those options is credited to share capital.

l) Asset retirement obligation

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

m) Loss per share

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

n) Significant accounting judgments and estimates

The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable and prepayments which are included in the condensed consolidated interim statement of financial position;

- the carrying value of the marketable securities and the recoverability of the carrying value which are included in the condensed consolidated interim statement of financial position;

- the inputs used in accounting for share based payment expense in the condensed consolidated interim statement of comprehensive loss;

- the provision for income taxes which is included in the condensed consolidation interim statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the condensed consolidated interim statement of financial position at March 31, 2011;

- factors employed in determining the useful lives of non-current assets;

- the inputs used in determining the various commitments and contingencies accrued in the condensed consolidated interim statement of financial position.

o) New accounting standards and interpretations

At the date of authorization of these Financial Statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the three months ended March 31, 2011.

- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;
- IFRS 13 Fair Value Measurements.

The application of these standards, amendments and interpretations will have no material impact on the results and financial positions of the Company.

Presented in Canadian dollars

5. Property Purchase Option

On June 26, 2009, 0854742, then known as Josephine Mining Corp., entered into an Option to Purchase agreement for land, patented mining claims and unpatented mining claims in Josephine County, Oregon, USA. This Option to Purchase agreement relates to a minerals exploration property known as the "Turner Gold Property". The agreement gives the Company the exclusive option to purchase the property for a period of eighteen (18) months commencing June 26, 2009. 0854742 made an initial payment of US$100,000 pursuant to this agreement. The contract provided for the extension of the Option term for an additional twelve months via an additional payment of US$300,000 on December 26, 2010, increasing the option term to thirty (30) months.

On December 14, 2010, the option agreement was amended to extend the payment date on the remaining US$300,000 payment due on December 26, 2010. 0854742 was required to pay US$15,000 by December 26, 2010 and the balance of US$285,000 was to be paid on or before January 25, 2011. 0854742 made the US$300,000 extension payment on December 26, 2010 and therefore the option term increased to thirty months from the effective date of June 26, 2009.

The total purchase price of the property is US$2 million, and all payments made on the Option terms apply to the final purchase price. In the event the Company extends the option, the remaining $1,600,000 is due in full upon the earlier of: December 26, 2011, or upon the Company obtaining all permits and/or approvals necessary to commence mining operations plus three months from the date of the execution of the permit.

If the Company does not exercise the Option and purchase the Property, all amounts paid by the Company are forfeited.

At March 31, 2011, December 31, 2010 and January 1, 2010 the Property Purchase Option was comprised of the following:

	March 31, 2011	December 31, 2010	January 1, 2010
Initial deposit	$97,240	$100,010	$105,050
Shares and warrants issued pursuant to finder's agreement	247,597	254,650	267,484
Exploration expenses capitalized	476,794	460,193	351,159
Option payment	315,908	314,906	15,626
	$1,137,541	$1,129,760	$739,319

Changes in the initial deposit value, value ascribed to shares and warrants issued pursuant to the finder's agreement and the value ascribed to the option payment were due to foreign exchange fluctuations.

6. Investment in Mineral Properties

The fair value of the 10,500,000 warrants granted in conjunction with the Qualifying Transaction was accounted for as an investment in mineral properties (see Note 7).

Presented in Canadian dollars

7. Capital and Reserves

a) Authorized share capital

As of March 31, 2011 the Company's authorized share capital was comprised of an unlimited number of common shares and preferred shares without par value.

b) Common shares issued:

	Number	Share capital
Balance, January 1, 2010	10,500,010	$1,207,151
Additional capital contributed (i)	-	553,605
Balance, December 31, 2010	10,500,010	1,760,755
Additional capital contributed (i)	-	39,243
Unit offering (ii)	14,000,010	7,000,000
0890810 B.C. Ltd. shares eliminated (iii)	(10,500,010)	-
Shares issued to effect Qualifying Transaction (iii)	10,500,000	425,000
Green Park shares acquired (iii)	850,000	-
Warrants to replace Unit Offering warrants (iv)	-	(1,214,031)
Corporate finance units (v)	75,000	37,500
Balance, March 31, 2011	25,425,010	$8,048,468

i. Additional capital contributed by 0890810's former shareholders prior the Qualifying Transaction.

ii. On March 24, 2011 the Company issued 14,000,000 units pursuant to the Unit Offering (see Note 3).

iii. On March 24, 2011 the Company issued 10,500,010 shares to effect the Qualifying Transaction (see Note 3).

iv. Each unit issued pursuant to the Unit Offering included one half of one share purchase warrant (see Note 3). The value attributed to these warrants was allocated to contributed surplus (see Note 7 d.).

v. In conjunction with the Qualifying Transaction the Company issued 75,000 corporate finance units, each consisting of one common share and one half of one warrant to acquire one common share at a $0.75 exercise price before March 24, 2013 (See Note 7 d). The deemed value of the shares issued as part of this unit issuance was $0.50 per share.

Presented in Canadian dollars

c) *Escrowed shares:*

In connection with the Qualifying Transaction, all shares held in escrow as at March 31, 2011 have been consolidated on the basis of one post-consolidation share for every five pre-consolidation shares, resulting in a total of 250,000 shares held in escrow upon completion of the Qualifying Transaction.

After the completion of a Qualifying Transaction, as required by the British Columbia Securities Commission and the Exchange, the escrowed shares will be released pro rata to the escrow shareholders as follows:

i) 10% - upon final exchange approval to a Qualifying Transaction by the Company;
ii) 15% - 6 months following the initial release;
iii) 15% - 12 months following the initial release;
iv) 15% - 18 months following the initial release;
v) 15% - 24 months following the initial release;
vi) 15% - 30 months following the initial release; and
vii) 15% - 36 months following the initial release.

d) *Contributed Surplus*

Balance, December 31, 2011, December 31, 2010 and January 1, 2010	-
Incentive stock options (i)	8,972
Corporate finance units (ii)	6,504
Agent's option (iii)	167,722
Balance, March 31, 2011	$183,198

i. In conjunction with the Qualifying Transaction the Company granted an additional 1,850,000 incentive stock options to officers, directors and consultants (see Note 7 f).

ii. In conjunction with the Qualifying Transaction the Company issued 75,000 corporate finance units, each consisting of one common share and one half of one warrant to acquire one common share at a $0.75 exercise price before March 24, 2013 (See Note 7 b). The value of the 37,500 warrants granted in conjunction with this issuance was calculated using the Black Scholes option pricing model assuming:

	March 24, 2011
Expected volatility	120%
Risk free rate	1.71%
Expected dividend yield	0%
Expected life	1.0 year
Annual forfeiture rate	2.50%

Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

Presented in Canadian dollars

iii. In conjunction with the Qualifying Transaction and related financing the Company granted agent's options to acquire 735,000 common shares at an exercise price of $0.50 per share before March 24, 2013. The value of the options was determined using the Black Scholes options pricing model using the following assumptions:

	March 24, 2011
Expected volatility	120%
Risk free rate	1.71%
Expected dividend yield	0%
Expected life	1.0 year
Annual forfeiture rate	2.50%

Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

e. Warrants issued:

	Number	Amount
Balance, January 1, 2010 and December 31, 2010	10,500,000	$46,825
Cancellation	(10,500,000)	(46,825)
Finder's warrants, $1.50 exercise price (i)	5,250,000	1,216,373
Finder's warrants, $2.00 exercise price (ii)	5,250,000	1,073,746
Warrants from unit financing (iii)	7,000,000	1,214,031
End of period	17,500,000	$3,504,149

i. On March 24, 2011 the Company granted 5,250,000 finder's warrants with an exercise price of $1.50 and an expiration date of March 24, 2016. These warrants were granted to replace 5,250,000 warrants previously granted by 0890810 in conjunction with 0890810's acquisition of the Turner Gold Property. The value attributable to these warrants was calculated using the Black Scholes option pricing model assuming:

	March 24, 2011
Expected volatility	120%
Risk free rate	1.88%
Expected dividend yield	0%
Expected life	2.50 years
Annual forfeiture rate	2.50%

Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

ii. On March 24, 2011 the Company granted 5,250,000 finder's warrants with an exercise price of $2.00 and an expiration date of March 24, 2016. These warrants were granted to replace 5,250,000 warrants previously granted by 0890810 in conjunction with 0890810's acquisition of the Turner Gold Property. The value attributable to these warrants was calculated using the Black Scholes option pricing model assuming:

Presented in Canadian dollars

	March 24, 2011
Expected volatility	120%
Risk free rate	1.88%
Expected dividend yield	0%
Expected life	2.50 years
Annual forfeiture rate	2.50%

Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

iii. On March 24, 2011 the Company issued 7,000,000 warrants to replace warrants granted by 0854742 pursuant the Unit Offering. Each warrant carries an exercise price of $0.75 and an expiration date of March 24, 2013. The value of these warrants was calculated using the Black Scholes option pricing model assuming:

	March 24, 2011
Expected volatility	120%
Risk free rate	1.71%
Expected dividend yield	0%
Expected life	1.0 year
Annual forfeiture rate	2.50%

Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

iv. On March 24, 2011 the Company issued 75,000 corporate finance units, each consisting of one common share and one warrant with an exercise price of $0.75 and an expiration date of March 24, 2013. The value of the 37,500 warrants granted in conjunction with this issuance was calculated using the Black Scholes option pricing model assuming:

	March 24, 2011
Expected volatility	120%
Risk free rate	1.71%
Expected dividend yield	0%
Expected life	1.0 year
Annual forfeiture rate	2.50%

Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

Presented in Canadian dollars

f. Stock options:

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The board of directors has discretion over the vesting of options. The Company's shareholders approved the 2010 incentive stock option plan at its annual general meeting.

A summary of stock options outstanding is as follows:

Expiry date	Exercise price	March 31, 2010	Granted	Exercised	Expired or Cancelled	March 31, 2011
March 28, 2008	$ 0.50	110,000	-	-	-	110,000
March 25, 2011	$ 0.50	-	1,850,000	-	-	1,850,000
Total options outstanding		110,000				1,960,000
Total options exercisable		110,000				110,000
Weighted average exercise price		$ 0.50				$ 0.50

On March 28, 2008 the Company granted 550,000 stock options, each with an exercise price of $0.10 and an expiration date of March 28, 2013, to its directors and officers. Pursuant the stock consolidation that occurred on March 24, 2011 the number of these options was adjusted by a factor of one (1) new option for each five (5) options outstanding. In addition, the exercise price of these options was adjusted by a factor of five, resulting in a new exercise price of $0.50.

On March 24, 2011 the Company granted an additional 1,850,000 stock options to directors, officers and employees of the Company. One half of these options shall vest on the first anniversary of the grant date and the remaining options shall vest on the second anniversary of the grant date. The total value of these options was $625,280 as determined using the Black Scholes option valuation model given the following assumptions:

	March 24, 2011
Expected volatility	120%
Risk free rate	2.15%
Expected dividend yield	0%
Expected life	3.25 years
Annual forfeiture rate	5.00%

Stock compensation expense for the three months ended March 31, 2011 was $8,972. Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

8. Related Party Transactions

Finder's Agreement

On June 22, 2009 0854742 entered into a finder's agreement with Russell Mining and Minerals Inc. ("RMMI"), an entity under common management and control as the Company, for the mining claims located in Josephine County, Oregon. Pursuant to this agreement, RMMI agreed to advance the Company funds and provide the technical support to complete a reserve study on the claims. The agreement also contemplates RMMI and the Company entering into a management agreement for RMMI to provide technical and administrative services to the Company.
In return, the Company agreed to pay RMMI the following:

- 10,500,000 common shares of 0854742 (issued during the period ended December 31, 2009);
- 5,250,000 warrants to acquire shares of 0854742, each with a 5 year term and an exercise price of US$1.50 (issued during the period ended December 31, 2009);
- 5,250,000 warrants to acquire shares of 0854742, each with a 5 year term and an exercise price of US$2.00 (issued during the period ended December 31, 2009);
- A fee of $1,500,000 USD due in 24 equal installments beginning when production begins on the property.

Pursuant to the Qualifying Transaction, the Company issued 10,500,000 shares to RMMI in exchange for the 10,500,000 common shares of 0854742. The Company also granted 10,500,000 new finder's warrants to RMMI to replace the finder's warrants granted to RMMI by 0854742 (see Note 6).

Consulting Agreement

The Company is party to a consulting agreement with RMMI dated April 15, 2009, pursuant to which RMMI provides services and office space. The Company also utilizes the services of the employees of RMMI. During the three month period ended March 31, 2011 the Company incurred US$2,250 (2010 – US$10,500) in rent expense to RMMI. The Company's accounts payable as at March 31, 2011 did not include any amounts owing to RMMI. Included in accounts payable as at March 31, 2010 was US$7,185 owing to RMMI.

The above transactions were conducted in the normal course of operations and measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

9. Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payables approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and commodity price risk.

a) Currency risk

The Company's property interests in the United States make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

> A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by $14,358.

b) Credit risk

The Company's cash and cash equivalents are held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper in its short-term investments. The Company's receivable consists of goods and services tax due from the federal government of Canada.

c) 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 manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within twelve months of the balance sheet date.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited because these investments, although available for sale, are generally held to maturity.

e) Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company has not hedged any of its potential future gold sales. The Company's input costs are also affected by the price of fuel. The Company monitors gold and fuel prices to determine the appropriate course of action to be taken by the Company.

10. Management of Capital Risk

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its excess cash in highly liquid short-term interest-bearing investments with short term maturities.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents:	$6,222,342	-	-	$6,222,342
	$6,222,342	-	-	$6,222,342

11. Transition to International Financial Reporting Standards

As stated in Note 4, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 4 have been applied as follows:

- in preparing the condensed consolidated interim financial statements for the three months ended March 31, 2011;
- the comparative information for the three months ended March 31, 2010;

- the statement of financial position as at December 31, 2010.

Based on assessment and analysis of IFRS and the differences between IFRS and CGAAP, management has determined that no adjustments are required to reconcile the Company's historical financial statements in order to comply with the requirements of IFRS.

12. Subsequent Events

On April 26, 2011 the Company issued 7,000 common shares pursuant to the exercise of warrants.

On May 10, 2011 the Company announced that it had initiated a 12,000 foot infill drilling program designed to increase the mineral resource value at the Turner Gold Property. The Company's management expects this drill program to cost approximately $1.2 million.