AMANTA RESOURCES LTD.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 29, 2012 and FEBRUARY 28, 2011

(Expressed in Canadian Dollars)

HAY & WATSON | Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Amanta Resources Ltd.

We have audited the consolidated financial statements of Amanta Resources Ltd., which comprise the consolidated statements of financial position as at February 29, 2012, February 28, 2011, and March 1, 2010 the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years ended February 29, 2012 and February 28, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements, and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Amanta Resources Ltd. as at February 29, 2012, February 28, 2011 and March 1, 2010, and its financial performance and its cash flows for the years ended February 29, 2012 and February 28, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates that the Company has a working capital deficiency, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Hay + Watson

Chartered Accountants
Vancouver, British Columbia
June 25, 2012

AMANTA RESOURCES LTD.

Consolidated Statements of Financial Position
As at February 29, 2012, February 28, 2011 and March 1, 2010
(expressed in Canadian dollars)

		February 29 2012	February 28 2011 (Note 14)	March 1 2010 (Note 14)
Assets				
Current assets				
Cash and cash equivalents		**$ 54,380**	$ 416,102	$ 482,577
Deposits		**15,212**	-	-
Accounts receivable		**7,865**	4,568	53,664
		77,457	420,670	536,241
Exploration advances		**-**	21,235	15,067
Mineral property interests	(Note 3)	**2,364,390**	1,841,514	5,699,600
Property and equipment	(Note 4)	**80,305**	110,725	91,521
Deposits and prepaid		**-**	22,899	30,682
		$ 2,522,152	$ 2,417,043	$ 6,373,111
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	(Note 8)	**$ 1,248,087**	**$** 1,046,503$	$ 893,893
Deferred project contributions	(Note 3)	**326,733**	-	-
Lease obligation		**7,746**	7,425	-
		1,582,566	1,053,928	893,893
Convertible loan	(Note 5)	**1,000,000**	952,108	894,636
Lease obligation	(Note 4)	**15,741**	24,205	-
Payable to directors	(Note 8)	**313,392**	187,531	187,531
		2,911,699	2,217,772	1,976,060
Shareholders' Equity (Deficiency)				
Share capital	(Note 6)	**16,874,066**	16,656,446	15,888,720
Contributed surplus	(Note 6)	**2,677,252**	2,714,872	2,167,883
Foreign currency translation adjustment		**(72,904)**	(56,000)	80,000
Deficit		**(19,867,961)**	(19,116,047)	(13,739,552)
		(389,547)	199,271	4,397,051
		$ 2,522,152	$ 2,417,043	$ 6,373,111

Nature and continuance of operations (Note 1)
Commitments (Note 9)

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

Approved on behalf of the Board:

"GERALD D. WRIGHT"	*"PIETER J. BAKKER"*
Director	Director

AMANTA RESOURCES LTD.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended February 29, 2012 and February 28, 2011
(expressed in Canadian dollars)

		2012	2011 (Note 14)
Expenses			
Accounting, audit and legal fees		**$ 81,502**	$ 58,411
Amortization of property and equipment		**30,921**	26,259
Consulting fees		**82,991**	107,738
Directors' fees		**24,000**	36,000
Filing fees		**12,324**	12,125
Interest on convertible loan	(Note 5)	**97,893**	104,763
Investor relations		**1,395**	6,745
Office and general		**21,853**	22,258
Office relocation and renovation		**47,279**	-
Rent		**44,874**	44,536
Salaries and benefits		**190,101**	111,525
Share-based compensation		-	440,543
Telephone		**6,181**	6,788
Transfer agent		**6,092**	10,214
Travel		**106,718**	115,642
		754,124	1,103,547
Interest and other income		**(245)**	(2,509)
Gain on foreign currency translation		**(1,965)**	(114,416)
Write down of mineral properties	(Note 3)	-	(4,389,873)
Net loss		**751,914**	5,376,495
Other comprehensive loss			
Loss on foreign currency translation		**16,904**	136,000
Comprehensive loss		**$ 768,818**	$ 5,512,495
Basic and diluted loss per share		**$ (0.01)**	$ (0.08)
Weighted average number of shares outstanding		**76,881,736**	69,994,594

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

AMANTA RESOURCES LTD.

Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended February 29, 2012 and February 28, 2011
(expressed in Canadian dollars)

	Share Capital		Contributed Surplus					
	Number of Shares	Amount	Share Option Reserve	Share Warrant Reserve	Other Reserve	Foreign Currency Translation Adjustment	Deficit	Total
Balance, March 1, 2010 (Note 14)	**66,857,253**	**$ 15,888,720**	**$ 1,120,730**	**$ 874,740**	**$ 172,413**	**$ 80,000**	**$ (13,739,552)**	**$ 4,397,051**
Shares issued for cash	7,280,000	562,572	-	165,428	-	-	-	728,000
Share issue costs	-	(20,573)	-	-	-	-	-	(20,573)
Shares issued for options exercised	22,250	8,768	(6,543)	-	-	-	-	2,225
Shares issued for warrants exercised	1,371,000	216,959	-	(52,439)	-	-	-	164,520
Share-based compensation	-	-	440,543	-	-	-	-	440,543
Net loss	-	-	-	-	-		(5,376,495)	(5,376,495)
Loss on foreign currency translation	-	-	-	-	-	(136,000)	-	(136,000)
Balance, February 28, 2011 (Note 14)	**75,530,503**	**$ 16,656,446**	**$ 1,554,730**	**$ 987,729**	**$172,413**	**$ (56,000)**	**$ (19,116,047)**	**$ 199,271**
Shares issued for warrants exercised	1,800,000	217,620	-	(37,620)	-	-	-	180,000
Net loss	-	-	-	-	-	-	(751,914)	(751,914)
Loss on foreign currency translation	-	-	-	-	-	(16,904)	-	(16,904)
Balance, February 29, 2012	**77,330,503**	**$ 16,874,066**	**$ 1,554,730**	**$ 950,109**	**$172,413**	**$ (72,904)**	**$ (19,867,961)**	**$ (389,547)**

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

AMANTA RESOURCES LTD.

Consolidated Statements of Cash Flows
For the Years Ended February 29, 2012 and February 28, 2011
(expressed in Canadian dollars)

	2012	2011
Operating activities		
Net loss	**$ (751,914)**	$ (5,376,495)
Adjustment for items not affecting cash		
Amortization of property and equipment	**30,921**	26,259
Accretion of discount on convertible loan	**47,893**	57,472
Share-based compensation	-	440,543
Foreign currency translation adjustment	**(16,904)**	(136,000)
Other	**2,000**	(1,913)
Write down of mineral properties	-	4,389,873
	(688,004)	(600,261)
Changes in non-cash operating working capital items		
Accounts receivable	**(3,297)**	96
Deposits and prepaids	**7,687**	7,783
Accounts payable and accrued liabilities	**168,123**	105,826
	(515,491)	(486,556)
Investing activities		
Expenditures on mineral properties	**(1,623,171)**	(1,808,065)
Recovery of mineral property expenditures from JOGMEC	**1,481,724**	1,305,014
Acquisition of property and equipment	**(501)**	-
	(141,948)	(503,051)
Financing activities		
Common shares issued for cash, net of issue costs	**180,000**	935,052
Advances from directors	**125,860**	-
Finance lease payments	**(10,143)**	(11,920)
	295,717	923,132
Decrease in cash	**(361,722)**	(66,475)
Cash, beginning of year	**416,102**	482,577
Cash, end of year	**$ 54,380**	$ 416,102
Supplemental disclosure:		
Interest paid on convertible loan	**$ 45,837**	$ 67,576

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

1. Nature and Continuance of Operations

Amanta Resources Ltd. ("Amanta" or the "Company") is an exploration stage public company listed on the TSX Venture Exchange ("TSX") under the symbol AMH and is in the business of acquiring, exploring and evaluating mineral properties and either developing these properties further or disposing of them when the evaluation is completed. As at February 29, 2012 and February 28, 2011, the Company held mineral property interests located in South East Asia (Notes 5 and 12).

The recoverability of amounts shown for mineral property interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to sell the properties for at least the carrying amount or to obtain financing to complete their exploration and development and on future profitable production.

These consolidated financial statements have been prepared on a going concern basis. As at February 29, 2012, the Company had a working capital deficiency of $1,505,109, had not yet achieved profitable operations and had accumulated losses totalling $19,867,961 since inception. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities when they come due. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. The outcome of these matters cannot be predicted with any certainty at this time and therefore raises substantial doubt as to whether the Company will be able to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue operations in the normal course of business.

2. Significant Accounting Policies

These consolidated financial statements have been approved and authorized for issue on June 25, 2012 by the directors of the Company.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee ("IFRIC").

Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

These are the Company's first annual IFRS financial statements. The Company previously prepared its annual and interim financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). Disclosures concerning the transition from GAAP to IFRS are included in Note 14.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities.

2. Significant Accounting Policies (continued)

Basis of consolidation (continued)

The consolidated entities are:

Entity	% of Ownership	Jurisdiction
Amanta Resources Ltd.	Parent	Canada
Amanta Minerals Co. Ltd.	100%*	Thailand
Amanta Lao Co. Ltd.	100%	Lao People's Democratic Republic
Adnet, USA LLC (inactive)	100%	USA

Amanta Minerals Co. Ltd. ("Minerals") was incorporated on June 3, 2005 under the laws of Thailand to pursue the Company's Thai mineral, exploration and development activities. The Company's direct shareholdings are limited under Thai law to a minority position of 49%. However, the remaining shareholdings are beneficially owned by the Company through appointed nominees resident in Thailand, and accordingly management considers Minerals to be a wholly owned subsidiary of the Company.

Amanta Lao Co. Ltd. was incorporated on June 28, 2008 under the laws of the Lao People's Democratic Republic ("Laos") to pursue the Company's Lao mineral, exploration and development activities.

Intercompany balances and transactions, including unrealised income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of amounts receivable and carrying values of property and equipment, the fair value of options and warrants issued, and the fair value of reclamation obligations. Actual results may differ from those estimates.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from property and equipment.

2. Significant Accounting Policies (continued)

Foreign currencies

Presentation currency

The Company's presentation currency is the Canadian dollar ("$"). The functional currency of Amanta Resources Ltd. is the Canadian dollar and the function currency of Amanta Minerals Co. Ltd., Amanta Lao Co. Ltd., and Adnet, USA LLC is the U.S. dollar. These consolidated financial statements have been translated to the Canadian dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions or the average rate for the period. Any resulting exchange differences are included in other comprehensive income as foreign currency translation adjustments.

Foreign currency translation

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

Financial instruments

Financial instruments are classified into various categories. Held to maturity investments and loans and receivables are measured at amortized cost, with amortization of premiums or discounts, losses and impairment included in current period interest income or expense. Financial assets and liabilities at fair value through profit or loss ("FVTPL") are classified as FVTPL when the financial instrument is held for trading or are designated as FVTPL. Financial instruments at FVTPL are measured at fair market value with all gains and losses included in operations in the period in which they arise. Available for sale financial assets are measured at fair market value with revaluation gains and losses included in other comprehensive income (see (l) below) until the asset is removed from the balance sheet, and losses due to impairment are included in operations. All other financial assets and liabilities are carried at amortized cost.

The Company's financial instruments are cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, payable to JOGMEC, convertible loan and payable to directors . The Company has classified its cash and cash equivalents as held for trading, accounts receivable as loans and receivables and accounts payable and accrued, payable to JOGMEC, convertible loan and payable to directors as other financial liabilities. The carrying values of these financial instruments approximate fair value.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and

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

2. Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of balances on deposit and investments in highly liquid short-term deposits, which are readily convertible into known amounts of cash and which are subject to minimal risks of changes in fair value.

Mineral property interests

Mineral property interests are recorded at cost less accumulated impairment write downs. All direct costs related to the to acquisition and exploration of mineral property interests are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. On the commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

The amounts shown for mineral property interests and related costs represent acquisition, holding and exploration costs and the recoverability of these amounts is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain the necessary financing to successfully complete their development and to meet the requirements, from time to time, of lenders who are providing this financing and upon future profitable production.

The Company's mineral property interests are composed of rights to explore for, develop and mine minerals under permits, licences or leases in Laos and Thailand. The Company's rights to mineral properties are described in Note 3.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. These assets are depreciated using the following annual rates and methods:

Automotive equipment	30% diminishing balance basis
Computer equipment	30% diminishing balance basis
Geological equipment	30% diminishing balance basis
Office equipment	20% diminishing balance basis
Leasehold improvements	straight line basis over the initial lease terms

Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment to determine whether there is an indication that those assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any).

2. Significant Accounting Policies (continued)

Impairment of assets (continued)

The recoverable amount used for this purpose is the higher of the 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 assignments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statement of loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Environmental and reclamation obligations

The operations of the Company have been, and may in the future be, affected by changes in environmental regulations, including those relating to future reclamation and site restoration. The likelihood of new regulations and their overall effect upon the Company are unknown and unpredictable. The Company plans to meet and, if possible, surpass standards set by legislation, by applying technically proven and economically feasible measures.

Expenditures relating to ongoing environmental and reclamation programs are charged to operations, or are capitalized and amortized, depending on their future economic benefits, over the estimated remaining life of the related business operation, net of expected recoveries.

Liabilities related to environmental protection and reclamation costs are recognized when the obligation is incurred and the fair value of the related costs can be reasonably estimated. This includes future removal and site restoration costs required by environmental law or contracts. At February 29, 2012, there were no environmental or reclamation liabilities.

2. Significant Accounting Policies (continued)

Income recognition

Interest from cash and short term investments is recorded on an accrual basis when collection is reasonably assured.

Comprehensive income or loss

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the balance sheet.

Share-based payments

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest.

Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital.

Income taxes

The provision for income taxes consists of current and deferred tax expense and is recorded in operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the period, adjusted for amendments to tax payable for previous years.

Deferred tax assets and liabilities are computed using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities on the consolidated statement of financial position and their corresponding tax values, using the enacted or substantially enacted, income tax rates at each statement of financial position date. Deferred tax assets also result from unused losses and other deductions carried forward. The valuation of deferred tax assets is reviewed on a regular basis and adjusted to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized by use of a valuation allowance to reflect the estimated realizable amount.

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as through the exercise of share options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

2. Significant Accounting Policies (continued)

New Accounting Standards and Interpretations

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below and include only those which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards and interpretations when they become effective.

The new standards and interpretations issued include:

- IFRS 9 'Financial Instruments' (effective for years beginning on or after January 1, 2015): IFRS 9 introduces new requirements for classifying and measuring financial assets and provides additional guidance on the fair value option for liabilities to address the entity's own credit risk.

- IFRS 13 'Fair Value Measurement' (effective for years beginning on or after January 1, 2013): IFRS 13 defines fair value, summarizes the methods of determining fair value and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements.

Accounting standards that have been amended but are not yet effective include:

- IAS 1 'Presentation of Financial Statements' (effective for years beginning on or after July 1, 2012): The amendments to IAS 1 improve how components of other comprehensive income are presented.

3. Mineral Property Interests

The Company's mineral property interests are composed of exploration and ownership rights in Thailand and Laos and are regulated by Thai and Laotian mining law, respectively. The property interests are held directly by the Company or its wholly-owned subsidiaries, Amanta Minerals Co. Ltd. and Amanta Lao Co. Ltd.

In Thailand, mineral resources are regarded as property of the Crown and are governed by the Minerals Act B.E. 2510 (1967). The Ministry of Industry is responsible for the execution of this Act and the Department of Mineral Resources is empowered to enforce the provisions of this Act.

There are three kinds of prospecting licences: a General Prospecting Licence, an Exclusive Prospecting Licence and a Special Prospecting Licence. Prospecting can be undertaken only after a prospecting licence has been obtained and the licences are non-transferable.

A General Prospecting Licence (GPL) permits the holder to conduct mineral prospecting in a specified area. It is valid for 1 year and is non-renewable. An Exclusive Prospecting Licence (EPL) gives the holder an exclusive right to explore for specified minerals within a specific area, not exceeding 2 square kilometres, and is valid for 1 year. A work plan and a description of exploration methods are to be submitted to the Department of Mineral Resources. Exploration must commence within 60 days and a preliminary exploration report must be filed within 180 days. A final report must be sent 30 days before the expiry date.

A Special Prospecting Licence (SPL) has a total term of 5 years and covers an area of not more than 16 square kilometres. An application for an SPL must include a work plan and an estimate of expenses for each year for the whole project as well as an offer of special benefits to the Government. The licence holder must commence exploration within 90 days of the granting of the licence and must file a progress report every 120 days.

A Mining Licence grants the right to exploit specific minerals in an area not exceeding 300 rai (1,000 rai equals 1.6 square kilometres) for onshore and 50,000 rai for offshore areas. Mining Licences are valid for 25 years and can be renewed thereafter. The requirements for the application include documents showing an area to be mined, evidence of financial capital, evidence showing acquisition of surface land rights, evidence of technological ability, a work plan and an environmental impact assessment report. A Mining Licence is transferable.

In Laos, mining and investment laws require that any investment in mining activities or concessions take one of three forms: sole investment by the State, a joint venture between the State and domestic and/or foreign parties, or a collection of private investment from domestic parties. The Mining Law of 1997 provides for an initial 5-year prospecting, exploration and feasibility study period, which may be extended upon application, and subsequently a right to then enter into a mineral production agreement. The Mining Law was amended in 2008 but the Company's Luang Namtha project falls under the 1997 Mining Law.

Title to mineral properties involves inherent risks due to difficulties of determining the validity of rights and claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

(expressed in Canadian dollars)

3. Mineral Property Interests (continued)

Expenditures on mineral property interests for the years ended February 29, 2012 and February 28, 2011 were as follows:

			2012	2011
	Luang Namtha (Lao PDR)	Other (Thailand)	Total	Total
Mineral property interests, beginning of year	$ 1,784,289	$ 57,225	$ 1,841,514	$ 5,699,600
Acquisition costs	64,129	-	64,129	23,761
Performance bonds	-	-	-	18,048
Exploration costs				
Assaying, survey, line-cut	93,877	-	93,877	85,522
Drilling and mobilization	332,172	-	332,172	174,771
Field administration and wages	437,240	-	437,240	483,198
Geological and consulting	519,302	-	519,302	768,365
Geological survey	-	-	-	42,981
Licences and other	-	-	-	8,179
Project travel, reporting and liaison	203,606	-	203,606	174,830
Project wages	27,541	-	27,541	57,146
Recovery of costs from JOGMEC	(1,481,724)	-	(1,481,724)	(1,305,014)
JOGMEC deferred project contributions	326,733	-	326,733	-
Write down of costs	-	-	-	(4,389,873)
Mineral property interests, end of year	**$ 2,307,165**	**$ 57,225**	**$ 2,364,390**	**$ 1,841,514**

Luang Namtha Project, Lao People's Democratic Republic

On June 20, 2008, the Company finalized the terms of a copper mineral exploration concession in Northern Laos with the Government of the Lao PDR.

Maintenance of the agreement requires the Company to make annual land rent payments to the Lao government of USD$100/kmsq during the Prospecting Period, US$200/kmsq during the Exploration Period, and US$300/kmsq during the Feasibility Study Period. The Company currently has a 170kmsq prospecting license and a 30kmsq exploration license for total annual land rental payments of US$23,000. In addition, the Company is required to make annual contributions to Lao government agencies of USD$15,000 per year and pay an environmental performance bond of US$50,000.

On April 14, 2009, the Company entered into a Joint Exploration Agreement ("JEA") with Japan Oil, Gas and Metals National Corporation ("JOGMEC") for the further exploration and development of the Luang Namtha project (Note 5). Under the terms of the JEA, JOGMEC was granted an option to acquire a 51% interest in the Luang Namtha project by investing a total of USD$3 million prior to March 31, 2012. The Company acted as Project Operator and earned a fee of up to 10% of project expenditures.

3. Mineral Property Interests (continued)

Luang Namtha Project (continued)

During the year ended February 29, 2012, JOGMEC completed the earn-in requirements and exercised its option to acquire a 51% interest in the Luang Namtha project. In accordance with the JEA, the parties now contribute pro-rata to ongoing project development costs.

JOGMEC has the right to transfer this interest to a qualified nominee (a Japanese company). Each party has a first right of refusal if either party wishes to sell any part of its interest in the project.

During the year ended February 29, 2012, the Company received $1,481,724 (USD$1,499,000) (2011 - $1,305,014 [USD $1,272,600]) from JOGMEC for the development of the Luang Namtha copper-silver project.

As at February 29, 2012, JOGMEC had over-contributed its pro-rata share of funding for the Luang Namtha project by $326,733 which has been recorded as a deferred project contribution.

Langu Claims, Thailand

By agreement dated July 23, 2002 and amended April 30, 2003, the Company acquired 100% of the licences to a gold prospect property ("Langu") comprising 2,500 hectares of land in the Satun Province, Southern Thailand. The Langu property consisted of four SPLs. The consideration comprised USD$50,000, plus the reimbursement of USD$125,000 in exploration costs and other obligations related to the licences as advanced by the vendor. The Company also agreed to fund a two phase work program on the licences for a total cost of approximately USD$358,400. All obligations under the agreement have been met. This property is subject to a 2% net smelter royalty payable to the vendor of the property.

By agreement dated December 30, 2002 and amended April 30, 2003, the Company acquired the exploration and development rights to 100% of a gold prospect property comprising 15.4 hectares of land in the Satun Province, Southern Thailand, which was to form a portion of the overall Langu project. The consideration was 500,000 Thai Baht ($17,065) with four additional annual payments of 500,000 Baht. Three payments totalling $51,703 have been paid. The final payment will be made upon obtaining the applied for mining licence extensions. This agreement is subject to a 2% net smelter royalty payable to the vendor of the property.

Two of the four Langu SPLs expired on July 2, 2009 and the Company has reapplied for one new SPL in a more condensed area, thereby relinquishing ground that does not warrant further work. The new SPL covers an area of 4,000 rai, approximately 640 hectares, covering the anomalous gold trend and those areas over which mapping and sampling have rendered positive results. The new application is under consideration by the Thai Department for Primary Industries and Mining for approval. The remaining two SPLs expired on September 28, 2011.

The Company does not intend to conduct further exploration activities on the Langu property and the accumulated acquisition and exploration expenditures were written down to a carrying value of $41,150 representing a recoverable performance bond related to the SPLs expired during the year.

Subsequent to February 29, 2012, the Langu performance bond for the expired SPLs was returned to the Company.

3. Mineral Property Interests (continued)

Mae Chedi, Thailand

Amanta Minerals Ltd. holds a 100% working interest in this property through an SPL granted by the Thai government. This SPL is valid for 5 years, was issued October 19, 2007 and expires October 18, 2012. Normal Thai mineral taxation laws apply to the property.

The Company does not intend to conduct further exploration activities at this time and accumulated acquisition and exploration expenditures were written down to a carrying value of $16,075 representing a recoverable performance bond on the property.

Surat Prospect, Thailand

North of Langu, near the town of Surath Thani, the Company has applied for two SPLs over an area with "Langu style" mineralisation in a similar setting as the Langu project. These applications are under consideration by the Thai Authorities.

Mae Lama Claims, Thailand

In June 2006, the Company reached an agreement with the owners of the Mae Lama tungsten mine, acquiring 100% of the mining and development rights over the Mae Lama mining claims in return for a net smelter royalty of 2% and a series of staged cash payments.

An initial payment of 2,500,000 Baht ($86,177) was paid upon signing the formal agreement. A second payment of 2,500,000 Baht will be payable upon renewal of the mining licences and the transfer of the licences to the Company. A third payment of 5,000,000 Baht will be paid if and when the Company concludes a positive feasibility study and decides to re-open the mine. In addition, a payment of USD$50,000 ($60,000) was paid to a third party for successfully negotiating and concluding the acquisition of the project. With the exception of the initial payment, the agreement is conditional on government approval of the renewal of the Mae Lama mining licences, for which the owners applied in October 2005.

The Company does not intend to pursue the Mae Lama Claims and the accumulated acquisition and exploration costs have been written down to a nominal value.

(expressed in Canadian dollars)

4. Property and Equipment

Cost	Automotive Equipment	Office Equipment	Leasehold Improvements	Computer Equipment	Geological Equipment	Total
Balance, March 1, 2010	$ 101,036	$ 71,030	$ 54,875	$ 53,084	$ 14,510	$ 294,535
Additions	-	-	-	502	-	502
Balance, February 28, 2011 and February 29, 2012	$ 1 01,036	$ 71,030	$ 54,875	$ 53,586	$ 14,510	$ 295,037
Accumulated depreciation						
Balance, March 1, 2010	$ 32,549	$ 39,649	$ 41,894	$ 35,185	$ 8,119	$ 157,396
Depreciation	9,141	6,277	3,709	5,370	1,917	26,414
Balance, February 28, 2011	41,690	45,926	45,603	40,555	10,036	$ 183,810
Depreciation	17,120	4,992	3,659	3,816	1,334	30,921
Balance, February 29, 2012	$ 58,810	$ 50,918	$ 49,262	$ 44,371	$ 11,370	$ 214,731
Carrying amounts						
Balance, March 1, 2010	$ 22,869	$ 31,381	$ 12,981	$ 17,899	$ 6,391	$ 91,521
Balance, February 28, 2011	$ 59,346	$ 25,104	$ 9,272	$ 12,529	$ 4,474	$ 110,725
Balance, February 29, 2012	$ 42,226	$ 20,112	$ 5,613	$ 9,215	$ 3,140	$ 80,305

The Company entered into a finance lease on January 1, 2011 for a vehicle which requires monthly payments of THB 24,814 ($766 at the exchange rate in effect at February 29, 2012) for 4 years after which time title to the vehicle will transfer to the Company. The net book value of the vehicle at February 29, 2012 is $28,234.

The Company's obligation under the lease and the remaining minimum lease payments are as follows:

	Total	Due within 1 year
Aggregate minimum lease payments	$ 26,055	$ 9,196
Portions representing interest	(2,568)	(1,450)
Present value of future minimum lease payments	$ 23,487	$ 7,746

(expressed in Canadian dollars)

5. Convertible Loan

On January 5, 2009, the Company entered into a loan agreement (the "Loan") for $1,000,000 with Torakit Investments Ltd. ("Torakit"), a company who at that time had directors in common with the Company. The terms of the loan were as follows:

- The Loan is unsecured and is repayable in one payment of $1,000,000 on January 5, 2012
- The Loan bears interest at the Canadian bank prime rate (as determined by HSBC Bank Canada) plus 2% per annum, payable quarterly in advance.
- The Loan is convertible into 10,000,000 common shares of the Company at any time prior to maturity at a deemed price of $0.10 per share. Torakit cannot convert the Loan if, as a consequence, it will hold 20% or more of the outstanding common shares of the Company.
- The Company has granted Torakit 10,000,000 transferable share purchase warrants, exercisable at a price of $0.10 per share and expiring January 5, 2012.
- The Company granted Torakit the right to purchase a 10% working interest in the Luang Namtha project on the Loan maturity date, which may be exercised by Torakit reimbursing the Company for 10% of the direct project expenditures incurred by the Company during the period between the closing date and the maturity date of the original loan agreement.

In accordance with IFRS, the Loan has been accounted for as a compound financial instrument, with a long-term liability component (the loan) and an equity component (the conversion privilege) classified as contributed surplus. The fair value of the share purchase warrants issued was considered to be a cost of issuing the financial instrument and was recorded in operations as a loan fee.

	February 29, 2012	February 28, 2011
Present value of convertible loan on issue	**$ 827,586**	$ 827,586
Cumulative accretion of loan discount	**172,414**	124,522
Convertible loan balance, end of period	**$ 1,000,000**	$ 952,108
Equity component – conversion privilege	**$ 172,413**	$ 172,413

The conversion privilege was valued on the date of issue of the convertible loan, January 5, 2009, using the Black-Scholes pricing model on the following assumptions:

Weighted average price of conversion privilege and warrants	$ 0.10
Expected dividend yield	-
Expected share price volatility	155%
Risk-free interest rate	1.61%
Expected term in years	3

5. Convertible Loan (continued)

On December 1, 2009, Cypress Consulting Services Inc. ("Cypress"), a private Company controlled by the president of the Company, agreed with Torakit to acquire the Loan. There were no changes to the terms of the Loan as a result of this transaction. Cypress is restricted from exercising the conversion option if, as a consequence of conversion, Cypress or any person or company acting jointly with Cypress would own or exercise control or discretion over 20% or more of the outstanding common shares of the Company.

Torakit retained the 10,000,000 transferable share purchase warrants, exercisable at a price of $0.10 per share and expiring January 5, 2012 and the right to purchase a 10% working interest in the Luang Namtha project. On May 24, 2011, Torakit exercised 1,800,000 warrants at a price of $0.10 per share for gross proceeds to the Company of $180,000. The remaining share purchase warrants and the right to purchase an interest in the Luang Namtha project expired unexercised on January 5, 2012.

During the year ended February 29, 2012, the Company and Cypress agreed to extend the maturity date of the Loan to April 5, 2013.

6. Share Capital

Authorized: Unlimited common shares without par value

On May 28, 2010, the Company completed a private placement of 2,500,000 units at $0.10 per unit for total proceeds of $250,000. Each unit consists of one common share and one half of a non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for a period of 2 years from the closing date at a price of $0.15 per share during the first year after closing and at a price of $0.18 per share during the second year after closing.

On January 10, 2011, the Company completed a private placement of 4,780,000 units at $0.10 per unit for total proceeds of $478,000. Each unit consists of one common share and one half of a non-transferrable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for a period of one year from the closing date at a price of $0.15 per share after closing. All of the securities are subject to a hold period which expired on May 11, 2011. The Company paid finders' fees of $11,880.

Share Purchase Options

The Company has granted common share purchase options pursuant to its share-based compensation plan, as revised on September 10, 2010 pursuant to the requirements of the TSX. These options are granted with an exercise price equal to or greater than the market price of the Company's shares on the date of the grant. The options vest when granted. The maximum number of options outstanding is limited to 10% of the total shares issued and outstanding. Any shares acquired upon exercise of the options are subject to a four month hold period.

During the year ended February 28, 2011, the Company granted 4,325,000 share purchase options to directors and employees of the Company. The fair value of these options, calculated as $396,528 using the Black-Scholes option pricing model and the assumptions noted in the table below, was recorded as share-based compensation in operations for the year ended February 28, 2011.

(expressed in Canadian dollars)

6. Share Capital (continued)

Share Purchase Options (continued)

The Company also cancelled and re-issued 750,000 share purchase options previously issued to directors and employees of the Company. This event was treated as a modification of the terms of the original share options and the incremental increase in fair value of $44,015 on the modification date was also included as share-based compensation in operations for the year ended February 28, 2011.

A summary of the changes in the Company's outstanding options is as follows:

	2012		2011	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	**6,177,750**	**$0.12**	2,725,000	$0.16
Granted	**-**	**-**	5,075,000	0.12
Exercised	**-**	**-**	(22,250)	0.10
Expired			(50,000)	0.30
Expired	**(677,750)**	**0.10**	(800,000)	0.10
Cancelled	**-**	**-**	(400,000)	0.32
Cancelled	**-**	**-**	(150,000)	0.33
Cancelled	**-**	**-**	(200,000)	0.30
Outstanding and exercisable, end of year	**5,500,000**	**$0.12**	6,177,750	$0.12
Weighted average remaining contractual life (years)	**2.97**		3.56	

The weighted average share price on the date options were exercised in the year ended February 28, 2011 was $0.20.

The following table summarizes the options outstanding and exercisable at February 29, 2012:

Number of Shares	**Expiry Dates**	**Exercise Prices**
425,000	June 1, 2012	$0.10
5,075,000	May 10, 2015	$0.12
5,500,000		

Subsequent to year end, 425,000 options with an exercise price of $0.10 expired unexercised.

(expressed in Canadian dollars)

6. Share Capital (continued)

Share Purchase Warrants

A summary of changes in the Company's outstanding share purchase warrants is as follows:

	2012		2011	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	**22,250,430**	**$0.13**	19,981,430	$0.12
Issued pursuant to private placements	**-**	**-**	3,640,000	0.15
Exercised	**(1,800,000)**	**0.10**	(1,371,000)	0.15
Expired	**(19,200,430)**	**0.12**	-	-
Outstanding, end of year	**1,250,000**	**$0.18**	22,250,430	$0.13
Weighted average remaining contractual life (years)	**0.22**		0.83	

The weighted average grant-date fair value of warrants issued during the year ended February 28, 2011 was $0.05.

During the year ended February 29, 2011, 1,371,000 warrants with a weighted average exercise price of $0.12 per share were exercised for gross proceeds of $164,520. The weighted average share price on the date of exercise was $0.17.

During the year ended February 29, 2012, 1,800,000 warrants with a weighted average exercise price of $0.10 per share were exercised for gross proceeds of $180,000. The weighted average share price on the date of exercise was $0.07.

The following table summarizes the warrants outstanding at February 29, 2012, expired unexercised subsequently:

Number of Shares	**Expiry Date**	**Exercise Price**
1,250,000	May 21, 2012	$0.18

Black-Scholes Pricing Model Assumptions

The Company estimated the fair value of options and warrants granted or issued using the Black-Scholes pricing model, using the following weighted-average assumptions:

	2012	2011
Share price	**-**	$0.12
Exercise price	**-**	$0.13
Expected share price volatility	**-**	106%
Risk-free interest rate	**-**	2.43%
Expected term in years	**-**	3.0

(expressed in Canadian dollars)

7. Income Taxes

Significant components of the Company's deferred tax assets and liabilities, after applying enacted or substantially enacted corporate income tax rates, are:

Deferred tax assets (liabilities):		**2012**		2011
Non-capital losses carried forward	**$**	**1,337,691**	$	1,255,521
Capital losses carried forward		**411,973**		411,973
Mineral property interests		**1,412,410**		1,347,757
Share issue costs		**18,511**		39,675
Property and equipment		**11,372**		10,525
Valuation allowance for deferred tax assets		**(3,191,957)**		(3,065,451)
Net deferred tax assets	**$**	**-**	$	-

The reconciliation of the provision for income taxes is:

		2012		2011
Loss before income taxes	**$**	**751,914**	$	5,512,495
Combined statutory income tax rates		**27.58%**		29.65%
Recovery of income taxes based on combined statutory income tax rates		**207,348**		1,634,600
Add (deduct):				
Current year losses not recognized		**(207,602)**		(1,514,153)
Net effect of items that are not taxable or deductible		**254**		120,447
Provision for income taxes	**$**	**-**	$	-

The Company has accumulated capital losses of approximately $3.30 million and non-capital losses of approximately $5.06 million which can be utilized to offset taxable incomes of future years. The benefit from these losses has not been recorded in these financial statements. The capital losses are available indefinitely against any future realized capital gains and the non-capital losses expire, if not utilized, between 2013 and 2032.

8. Related Party Transactions

Key management personnel and director compensation for the years ended February 29, 2012 and February 28, 2011 was as follows:

		2012		2011
Salaries	**$**	**154,567**	$	175,127
Directors fees		**24,000**		36,000
Management and consulting fees		**557,176**		659,292
Share-based compensation		**-**		440,543
	$	**735,753**	$	1,310,962

(expressed in Canadian dollars)

8. Related Party Transactions (continued)

The Company has entered into contracts with one director of the Company and a company controlled by a director of the Company until February 28, 2014 for management, geological and consulting services at an aggregate cost of $35,500 per month. Fees payable on termination of services are 18 times the monthly remuneration payable under the agreements.

Accounts payable at February 29, 2012 include $1,026,545 (2011 - $891,525) arising from unpaid fees and interest payable to directors and officers of the Company and a company controlled by a director of the Company.

During the year ended February 29, 2012, the Company paid salaries to employees who are also close family members of key management personnel in the amount of $113,850 (2011 - $104,850)

During the year ended February 29, 2012, directors advanced the Company $135,861 (2011 - $Nil). As at February 29, 2012, $313,392 was outstanding and payable to directors of the Company (2011 - $187,531). The directors have agreed not to demand repayment within one year, and accordingly these advances are considered non-current.

These transactions were in the normal course of operations and were measured at the exchange amounts agreed to by the related parties.

9. Commitments

Commitments not disclosed elsewhere in these financial statements include minimum lease payments due on the Company's office premises and storage facility located in Vancouver and Thailand as well as payments due on operating leases for equipment and automobiles in Thailand and Laos. Future payments over the remaining terms of the leases are estimated to be:

Fiscal year 2013	$ 60,024
Fiscal year 2014	2,078
	$ 62,102

Subsequent to year end, the Company terminated its operations in Thailand, including its office and premises leases and local employees, in order to focus its efforts on operations in Laos. The Company expects to incur expenses of approximately $40,000 for severance pay and other costs related to the termination of its commitments in Thailand.

10. Segmented Information

a) Operating segment
The Company's operations are primarily the exploration and development of mineral property interests in South East Asia. The Company's operations are in a single reportable segment, mineral property exploration and development.

b) Geographic segments
The Company's mineral property interests are located in South East ("S.E.") Asia and its corporate head office is located in Canada. The geographic distribution of the Company's assets is:

(expressed in Canadian dollars)

10. Segmented Information (continued)

	2012			2011		
	Canada	**S.E. Asia**	**Total**	Canada	S.E. Asia	Total
Current assets	**$ 44,294**	**$ 33,163**	**$ 77,457**	$ 298,041	$ 22,629	$ 420,670
Mineral property interests	**-**	**2,364,390**	**2,364,390**	-	2,100,122	2,100,124
Property and equipment	**10,624**	**69,681**	**80,305**	14,411	96,314	110,725
Other assets	**-**	**-**	**-**	4,722	39,412	44,134
	$ 54,918	**$ 2,467,332**	**$ 2,522,152**	$ 317,174	$ 2,358,477	$ 2,675,653

11. Joint Venture Agreement

On July 19, 2010, the Company signed a Joint Venture Agreement ("JVA") with CNP Exploration and Mining Import-Export Co., Ltd. ("CNP"), a Lao mining and construction company. Under the JVA, the companies will establish Lao-Canadian Mining Co. Ltd. (the "Joint Venture Company") in order to apply for and subsequently develop mineral property interests in Laos.

The Company will make an initial investment of USD$2,000,000 in the Joint Venture Company when that company has obtained its first mineral exploration concession or license from the Lao government in order to fund mineral property development. This investment will represent an 80% interest in the Joint Venture Company.

As at February 29, 2012, the Joint Venture was awaiting approval from the Lao PDR for its Foreign Investment License and applications for exploration concessions on the Oudom Xai property in Northern Laos are also pending approval.

12. Management of 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 and development of its mineral property interests. The Company measures its capital as its shareholders' equity and the convertible loan when considering management of capital risk.

The Company manages and adjusts its capital structure when changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may attempt to issue new shares and/or debt or acquire, dispose of or joint venture certain of its assets.

In order to maximize ongoing exploration and development efforts, the Company does not pay out dividends. The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments with maturities of 90 days or less. When utilized, these instruments are selected with regard to the expected timing of expenditures for operations.

12. Management of Capital (continued)

The Company currently does not have sufficient capital resources to meet its obligations and cover its administrative overhead expenses for the following fiscal year (Note 1), but believes it can raise additional funds to undertake all of its planned exploration and development activities and its administrative expenses. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Management believes the Company will be able to raise capital as required in the long run, but recognizes there will be risks involved that may be beyond the Company's control.

13. Management of Financial Risks

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

a) Currency Risk

The Company is exposed to the fluctuation of foreign exchange rates as it operates in Canada, Thailand and Laos and most of its expenditures are now incurred in Thai Baht, US dollars and Lao kip. A significant change in the currency exchange rates between Canadian dollars, Lao Kip, Thai Baht and US dollars could have an effect on the Company's operations, financial position or cash flows. The Company does not hedge its exposure to currency fluctuations, and manages its currency risk through the preparation of short and long term expenditure budgets in the various currencies and converting Canadian dollars to Lao Kip, Thai Baht and US dollars whenever exchange rates are favourable. Assuming all other variables remain constant, a 1% change in the exchange rate between the Canadian dollar, Lao Kip, Thai Baht and US dollar would result in a change in cash flows of approximately $4,000.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company holds its cash through large financial institutions and the Company's receivables consist of harmonized sales taxes due from the Government of Canada. As such, the Company considers this risk to be minimal.

c) 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 Company is exposed to interest rate risk as a result of issuing a convertible loan (Note 5), which bears interest at the bank prime rate plus 2%. Assuming that all other variables remain constant, a 1% increase in the prime rate would result in an increase of approximately $10,000 in the Company's interest expense.

d) 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 and as outlined in Note 12. Accounts payable and accrued liabilities are due within the current operating period.

14. First-Time Adoption of IFRS

The Company adopted IFRS on March 1, 2011, with a transition date of March 1, 2010. Under IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemption to its opening statement of financial position dated March 1, 2010:

Share-based payments
IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share Based Payment* to equity instruments that were granted on or before November 7, 2002, or that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to equity instruments that were granted prior to November 7, 2002 and equity instruments that vested prior to January 1, 2010.

IFRS 1 also outlines guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guideline to its opening consolidated statement of financial position dated March 1, 2010:

Estimates
In accordance with IFRS 1, an entity's estimates in accordance with IFRS at the date of transition to IFRS must be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were made in error. The Company's IFRS estimates at March 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

IFRS employs a conceptual framework similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement, and disclosure. While adoption of IFRS has not changed the Company's cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's previously reported Canadian GAAP consolidated statement of loss and comprehensive loss and consolidated statement of financial position have been reconciled to IFRS, with the resulting differences explained.

The differences between Canadian GAAP and IFRS which have been included in the following financial information are:

a) Under IFRS, the Company begins capitalizing the costs of mineral property interests once legal title or exploration rights have been obtained. This has resulted in expensing $258,610 of previously capitalized exploration costs, resulting in a decrease in mineral property interests and an increase in opening deficit.

b) Under IFRS, reserves within equity, included in contributed surplus under Canadian GAAP, are segregated into their categories of origin.

c) Under IFRS, the functional currency of the Company's non-Canadian subsidiaries is the U.S. dollar. Consequently, translating the financial statements of subsidiary companies into Canadian dollars results in translation exchange gains and losses being reclassified from profit and loss to other comprehensive income and, on a cumulative basis, from deficit to the foreign currency translation adjustment component of shareholders' equity.

On the conversion from GAAP to IFRS, there was no significant net impact on the consolidated statement of cash flows for the year ended February 28, 2011.

(expressed in Canadian dollars)

14. First-Time Adoption of IFRS (continued)

The Canadian GAAP consolidated statement of financial position as at March 1, 2010 has been reconciled to IFRS as follows:

	March 1, 2010		
	Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	$ 482,577	$ -	$ 482,577
Amounts receivable	53,664	-	53,664
	536,241	-	536,241
Exploration advances	15,067	-	15,067
Mineral property interests	5,958,210	(258,610)	5,699,600
Property and equipment	91,521	-	91,521
Prepaid automobile lease	7,783	-	7,783
Deposits	22,899	-	22,899
	$ 6,631,721	$ (258,610)	$ 6,373,111
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 893,893	$ -	$ 893,893
Convertible loan	894,636	-	894,636
Payable to directors	187,531	-	187,531
	1,976,060	-	1,976,060
Shareholders' Equity			
Share capital	15,888,720	-	15,888,720
Contributed surplus	2,167,883	(2,167,883)	-
Share option reserve	-	1,120,730	1,120,730
Share warrant reserve	-	874,740	874,740
Other reserves		172,413	172,413
Foreign currency translation adjustment	-	80,000	80,000
Deficit	(13,400,942)	(338,610)	(13,739,552)
	4,655,661	(258,610)	4,397,051
	$ 6,631,721	$ (258,610)	$ 6,373,111

(expressed in Canadian dollars)

14. First-Time Adoption of IFRS (continued)

The Canadian GAAP consolidated statement of financial position as at February 28, 2011 has been reconciled to IFRS as follows:

	February 28, 2011		
	Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	$ 416,102	$ -	$ 416,102
Amounts receivable	4,568	-	4,568
	420,670	-	420,670
Exploration advances	21,235	-	21,235
Mineral property interests	2,100,124	(258,610)	(1,841,514)
Property and equipment	110,725	-	110,725
Deposits	22,899	-	22,899
	$ 2,675,653	$ (258,610)	$ 2,417,043
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 1,046,503	$ -	$ 1,046,503
Lease obligation	7,425	-	7,425
	1,053,928	-	1,053,928
Convertible loan	952,108	-	952,108
Lease obligation	24,205	-	24,205
Payable to directors	187,531	-	187,531
	2,217,772	-	2,217,772
Shareholders' Equity			
Share capital	16,656,446	-	16,656,446
Contributed surplus	2,714,872	(2,714,872)	-
Share option reserve	-	1,554,730	1,554,730
Share warrant reserve	-	987,729	987,729
Other reserves		172,413	172,413
Foreign currency translation adjustment	-	(56,000)	(56,000)
Deficit	(18,913,437)	(202,610)	(19,116,047)
	457,881	(258,610)	199,271
	$ 2,675,653	$ (258,610)	$ 2,417,043

(expressed in Canadian dollars)

14. First-Time Adoption of IFRS (continued)

The Canadian GAAP consolidated statement of loss and comprehensive loss for the year ended February 28, 2011 has been reconciled to IFRS as follows:

	February 28, 2011		
	Canadian GAAP	Effect of Transition to IFRS	IFRS
Expenses			
Accounting, audit and legal fees	$ 58,411	$ -	$ 58,411
Amortization of property and equipment	26,259	-	26,259
Consulting fees	107,738	-	107,738
Directors' fees	36,000	-	36,000
Filing fees	12,125	-	12,125
Interest on convertible loan	104,763	-	104,763
Investor relations	6,745	-	6,745
Office and miscellaneous	22,258	-	22,258
Rent	44,536	-	44,536
Salary and benefits	111,525	-	111,525
Share-based payments	440,543	-	440,543
Telephone	6,788	-	6,788
Transfer agent	10,214	-	10,214
Travel	115,642	-	115,642
	(1,103,547)	-	(1,103,547)
Interest income	214	-	214
Foreign exchange gain(loss)	(21,584)	136,000	114,416
Gain on disposal of leased automobile	2,295	-	2,295
Write down of mineral property interests	(4,389,873)		(4,389,873)
Net loss	$ (5,512,495)	$ 136,000	$ (5,376,495)
Other comprehensive loss			
Loss on foreign currency translation	-	(136,000)	(136,000)
Comprehensive loss	$ (5,512,495)	$ -	$ (5,512,495)
Basic and diluted loss per share	$ (0.08)	$ -	$ (0.08)
Weighted average number of shares outstanding	69,994,594		69,994,594