



BRALORNE GOLD MINES LTD.

(an exploration stage company)

Condensed Interim Financial Statements

For the three months ended April 30, 2011 and 2010

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Notice to Readers

Under National Instrument 51-102, Part 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the period ending April 30, 2011 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Condensed Interim Statements of Financial Position
Unaudited

	Note	April 30, 2011	January 31, 2011 (note 17)	February 1, 2010 (note 17)
ASSETS				
Current assets				
Cash and cash equivalents		\$ 4,154,462	\$ 1,208,071	\$ 3,717,843
Prepaid expenses		128,482	9,160	9,928
Interest receivable		-	-	7,408
Taxes receivable		138,337	55,690	47,207
BC mining exploration tax credit receivable		1,340,088	1,340,088	931,000
		5,761,369	2,613,009	4,713,386
Non-current assets				
Amount due from related party	10b	40,000	658	7,551
Mineral properties exploration	6	27,104,197	25,949,937	22,163,467
Property, Plant & Equipment	7	36,380	38,750	35,784
Restricted Cash	5	140,000	140,000	125,000
		\$ 33,048,946	\$ 28,742,354	\$ 27,045,188
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 443,228	\$ 400,040	\$ 199,522
Amounts due to related parties	10c	220,994	172,428	39,736
		664,222	572,468	239,258
Non-current liabilities				
Decommissioning Liability	8	98,000	98,000	98,000
		762,222	670,468	337,258
SHAREHOLDERS' EQUITY				
Share capital (Note 9)	9	37,275,562	32,927,333	30,071,191
Reserves for options		1,555,891	852,531	2,156,091
Reserves for warrants		1,865,791	1,755,093	3,713,148
Deficit		(8,377,519)	(7,463,071)	(9,232,500)
		32,319,724	28,071,886	26,707,930
		\$33,048,946	\$ 28,742,354	\$ 27,045,188

Commitment (Note 12)
Subsequent Events (Note 16)

Approved on behalf of the Board:

"Gary Robertson" Director
Gary Robertson

"William Kocken" Director
William Kocken

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

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Condensed Interim Statements of Operations and Comprehensive Loss
Unaudited

		For the three months ended April 30,	
	Notes	2011	2010
			(note 18)
General and administrative expenses			
Administration services		\$ 1,522	\$ 1,056
Depreciation		2,370	2,365
Automobile		3,942	6,276
Consulting fees	10a ii, iv	5,944	15,000
Directors' fees	10a,vi	3,000	4,500
Listing and filing fees		12,477	7,631
Office, occupancy and miscellaneous		13,687	10,902
Professional fees		-	7,014
Salaries and benefits		48,050	29,689
Shareholder information, net		33,428	11,010
Share-based payments	9f	781,548	-
Travel and accommodation		10,696	6,170
NET LOSS		(916,664)	(101,613)
Other items			
Interest income		2,216	6,378
COMPREHENSIVE LOSS		\$ (914,448)	\$ (95,235)
Loss per share - Basic and Diluted		\$ 0.03	\$ 0.00
Weighted average number of common shares outstanding		26,533,029	22,862,710

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

BRALORNE GOLD MINES LTD.**(an exploration stage company)**

Condensed Interim Statements of Changes in Equity

Unaudited

	Note	Number of Common Shares	Share Capital	Reserve for Options	Reserve for Warrants	Deficit	Total Shareholders' Equity
Balance, February 1, 2010		22,852,425	\$30,071,191	\$2,156,091	\$ 3,713,148	\$ (9,232,500)	\$ 26,707,930
Common shares issued for cash:							
Exercise of stock options		22,000	16,500	-	-	-	16,500
Share issue costs		-	272	-	-	-	272
Transfer of contributed surplus to share capital on exercise of stock options		-	10,379	(10,379)	-	-	-
Fair value of expired warrants		-	-	-	(1,896,727)	1,896,727	-
Loss for the period		-	-	-	-	(95,235)	(95,235)
Balance, April 30, 2010		22,874,425	\$ 30,098,342	\$2,145,712	\$ 1,816,421	\$ (7,431,008)	\$ 26,629,467
Balance, January 31, 2011		24,512,821	32,927,333	852,531	1,755,093	(7,463,071)	28,071,886
Common shares issued for cash:							
Private placement	9b(i)	3,252,746	4,021,176	-	207,394	-	4,228,570
Exercise of stock options	9e	120,500	98,525	-	-	-	98,525
Exercise of warrants and compensation options		281,298	285,985	-	-	-	285,984
Share issue costs		-	(232,341)	-	-	-	(232,341)
Transfer of contributed surplus to share capital on exercise of stock options, warrants and compensation options		-	174,884	(78,188)	(96,696)	-	-
Share-based compensation		-	-	781,548	-	-	781,548
Loss for the period		-	-	-	-	(914,448)	(914,448)
Balance, January 31, 2011		28,167,365	\$ 37,275,562	\$1,555,591	\$ 1,865,791	\$ (8,377,519)	\$ 32,319,724

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

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Condensed Interim Statements of Cash Flows
Unaudited

	For the three months ended April 30,	
	2011	2010
		(note 18)
OPERATING ACTIVITIES		
Net loss for the period	\$ (914,448)	\$ (95,235)
Adjustments for items not involving cash:		
Depreciation	2,370	2,365
Share-based payments	781,548	-
	(130,530)	(92,870)
Changes in non-cash working capital:		
Prepaid expenses	(119,322)	(4,057)
Interest receivable	-	(2,016)
Taxes receivable	(82,647)	(23,164)
Accounts payable and accrued liabilities	43,188	(24,918)
Cash used in operating activities	(298,311)	(147,025)
INVESTING ACTIVITIES		
Equipment acquisitions	(30,528)	(5,775)
Mineral property expenditures	(1,123,732)	(1,258,446)
Cash used in investing activities	(1,154,260)	(1,264,221)
FINANCING ACTIVITIES		
Issuance of common shares, net of issue costs	4,380,738	7,772
Amounts due from related parties, net	9,224	34,057
Cash provided by financing activities	4,389,962	41,829
Increase (decrease) in cash and cash equivalents	2,946,391	(1,369,417)
Cash and cash equivalents, beginning of period	1,208,071	3,717,843
Cash and cash equivalents, end of period	\$ 4,154,462	\$ 2,348,426

See Note 14 for supplemental cash flow information.

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

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Condensed Interim Financial Statements

Unaudited

For the three months ended April 30, 2011

1. Nature of Operations and Going Concern

Bralorne Gold Mines Ltd. ("Bralorne" or the "Company") was incorporated July 10, 1992 under the laws of the province of British Columbia. The Company owns a 100% interest in a mineral property in British Columbia, Canada. It is in the process of exploring its mineral property interest and has not yet determined whether this property contains sufficient ore reserves, such that their recovery would be economically viable.

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprises substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern are dependent upon the continued support from its shareholders, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time. These condensed interim condensed interim financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

As at April 30, 2011, the Company had working capital of \$5,097,147 (January 31, 2011 - \$2,040,541) and a deficit of \$8,377,519 (2010 - \$7,463,071). Management believes the Company has sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing period as they fall due and to fund cash payments for planned exploration programs.

2. Basis of Presentation

(a) Statement of compliance and conversion to International Financial Reporting Standards

These condensed interim 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 condensed interim financial statements for part of the period covered by the Company's first IFRS annual condensed financial statements for the year ending January 31, 2012. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles "Canadian GAAP". Canadian GAAP differs in some areas from IFRS. In preparing these condensed interim financial statements, management has amended certain accounting and measurement methods previously applied in the Canadian GAAP interim financial statements to comply with IFRS. Note 17 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, operations and comprehensive loss along with reconciliations of the statements of financial position as at February 1, 2010, April 30, 2010 and January 31, 2011 and the statements of operations and comprehensive loss and cash flows for the three months ended April 30, 2010 and for the year ended January 31, 2011.

As these are the Company's first set of condensed interim financial statements in accordance with IFRS, the Company's disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS and some additional disclosures required under IFRS, which also highlight the changes from the Company's 2011 annual financial statements prepared in accordance with Canadian GAAP. In 2012 and beyond, the Company may not provide the same amount of disclosure in the Company's condensed interim financial statements under IFRS as the reader will be able to rely on the annual financial statements, which will be prepared in accordance with IFRS.

2. Basis of Presentation (continued)

(b) Basis of Presentation

These condensed interim financial statements are presented in Canadian Dollars and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of condensed 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. 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 future periods if the revision affects both current and future periods.

These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed 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 expected to be effective or available for early adoption on January 31, 2012, the Company's first IFRS annual reporting date.

The standards that will be effective or available for voluntary early adoptions in the condensed annual financial statements for the year ending January 31, 2012 are subject to change and may be affected by additional interpretation(s). Accordingly, the accounting policies for the annual period that are relevant to these condensed interim financial statements will be determined only when the first IFRS condensed annual financial statements are prepared for the year ending January 31, 2012.

The preparation of these condensed interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements. They also have been applied in preparing an opening IFRS statement of financial position at February 1, 2010 for the purpose of the transition to IFRS, as required by IFRS 1, *First Time Adoption of International Financial Reporting Standards* ("IFRS 1"). The impact of the transition from Canadian GAAP to IFRS is explained in Note 17.

(c) Significant Accounting Judgements and Estimates

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

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Condensed Interim Financial Statements

Unaudited

For the three months ended April 30, 2011

2. Basis of Presentation (continued)

(c) Significant Accounting Judgements and Estimates (continued)

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 balances of accrued liabilities, amortization rates of equipment, the recoverability of deferred mineral property expenditures, the determination of site restoration and environmental obligations, determination of the assumptions used in the calculation of stock-based compensation, allocation of proceeds for unit offerings and the valuation allowance for future income tax assets.

(d) Cash equivalents

Cash equivalents consist of highly liquid investments, which are readily convertible into known amounts of cash.

(e) Exploration and evaluation assets

The Company is in the exploration stage and defers all expenditures related to its mineral property until such time as the property is put into commercial production, sold or abandoned. Under this method, all amounts shown as mineral property represent acquisition, exploration and development costs incurred to date, net of recoveries and amounts amortized and/or written off and do not necessarily represent present or future values.

Inventory of gold flotation concentrate, gold dore bars and silver contained within the gold dore bars produced during the bulk sampling development stage are recorded as a component of mineral property costs. Proceeds from the sale of gold produced during the bulk sampling stage are deducted from accumulated mineral property costs.

If the property is put into commercial production, the expenditures will be depleted based upon proven reserves available. If the property is sold or abandoned, the capitalized expenditures will be charged to operations. The Company does not accrue the estimated future costs, such as land or property taxes, of maintaining its mineral property in good standing.

The Company reviews the carrying values of mineral properties, on a property-by-property basis, at each reporting date to determine if there are any indications of impairment. If impairment is deemed to exist, the mineral property will be written down to its fair value. The ultimate recoverability of the amounts capitalized for the mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term that could adversely affect management's estimates and may result in future write-downs of capitalized mineral property carrying values.

2. Basis of Presentation (continued)

(f) Property, Plant & Equipment

Property, plant, and equipment is recorded at historical cost less accumulated amortization. Amortization is charged to operations using the declining balance method at the following annual rates:

Computer equipment and software	30%
Office equipment	20%
Vehicle	30%

Mine and plant buildings and equipment will be amortized upon commencement of commercial production.

(g) Decommissioning Liability

The Company recognizes the fair value of liabilities for decommissioning liabilities in the period in which they occur and/or in which a reasonable estimate of such costs can be made. Liabilities include those related to environmental protection and rehabilitation due to environmental law or contracts. The site restoration obligation is recorded as a liability with a corresponding increase to the carrying amount of mineral property interests.

Subsequently, the costs of decommissioning liabilities are allocated to expenses using a systematic and rational method and are adjusted to reflect period-to-period changes in the liability resulting from the passage of time and/or revisions to either timing or the amount of the original estimate of the undiscounted cash flow.

(h) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(i) Share-based payments

The Company accounts for share-based payments using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged either to operations or mineral properties, with the offset credit to contributed surplus. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

2. Basis of Presentation (continued)

(i) Share-based payments (continued)

Upon the expiration or cancellation of unexercised stock options, the Company will transfer the value attributed to those stock options from contributed surplus to deficit.

(j) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through share premium"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through share premium will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

(k) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(l) Accounting for equity units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated based on their relative fair values, calculated using the Black-Scholes option pricing model for warrants and the fair value of common shares.

(m) Mineral exploration tax credit ("METC")

The Company recognizes METC amounts receivable from the government and records those amounts as a recovery in the period in which recoverability can be established and the amount quantified. Such claims are subject to review by taxation authorities and, therefore, the amount ultimately received could be materially different than the amount recorded. Tax credits are recorded using the cost reduction method and, accordingly, are included as a reduction of mineral property expenditures.

2. Basis of Presentation (continued)

(n) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. FVTPL has two categories: designated and held for trading. The Company's cash and short-term money market investments are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income.

(o) Future accounting standards

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2010, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The Company has not early adopted these standards, amendments and interpretations. However the Company is currently assessing what impact the application of these standards or amendments will have on the condensed consolidated financial statements of the Company.

2. Basis of Presentation (continued)

(o) Future accounting standards (continued)

New accounting standards effective January 1, 2012

Amendments to IFRS 7 Financial Instruments: Disclosures

In October 2010, the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its condensed interim consolidated financial statements.

IAS 12 Income taxes

In December 2010, the IASB issued an amendment to IAS 12 that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its condensed interim consolidated financial statements.

New accounting standards effective January 1, 2013

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

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Notes to Condensed Interim Financial Statements

Unaudited

For the three months ended April 30, 2011

(o) Future accounting standards (continued)

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards

Each of the new standards, IFRS 9, 12 and 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its condensed interim consolidated financial statements or whether to early adopt any of the new requirements.

3. Risk Management and Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, and amounts due to/from related parties.

The carrying value of financial assets by category at April 30, 2011 and January 31, 2011 are as follows:

Financial Assets	April 30, 2011			January 31, 2011		
	Held-for-trading	Held-to-maturity	Loans and receivables	Held-for-trading	Held-to-maturity	Loans and receivables
Cash and cash equivalents	\$ 4,154,462	\$ -	\$ -	\$ 1,208,071	\$ -	\$ -
Restricted cash	-	140,000	-	-	140,000	-
Amounts due from related party	-	-	-	-	-	658
	\$ 4,154,462	\$ 140,000	\$ -	\$ 1,208,071	\$ 140,000	\$ 658

The carrying value of financial liabilities by category at April 30, 2011 and January 31, 2011 are as follows:

Financial Liabilities	April 30, 2011	January 31, 2011
	Other Financial Liabilities	Other Financial Liabilities
Accounts payable and accrued liabilities	\$ 443,228	\$ 400,040
Amounts due to related parties	220,994	172,428
	\$ 644,221	\$ 572,468

3. Risk Management and Financial Instruments (continued)

The carrying amounts of cash and cash equivalents, interest receivable, restricted cash, and accounts payable and accrued liabilities are a reasonable estimate of their fair values due to their short term to maturity.

The fair values of amounts due to and from related parties are not readily determinable due to the nature of the amounts and the absence of a ready market for such instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

The Company is exposed to credit risk with respect to cash and cash equivalents, restricted cash and amounts due and from related parties. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and restricted cash as all amounts are held at two Canadian financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	April 30, 2011	January 31, 2011
Cash held in bank accounts	4,154,462	1,208,071
Restricted cash	140,000	140,000
	\$ 4,294,462	\$ 1,348,071

(b) Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to forecast its exploration obligations and cash requirements. The Company maintains sufficient cash and cash equivalents at April 30, 2011 in the amount of \$4,154,462 (January 31, 2011 - \$1,208,071) in order to settle current liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms with the exception of amounts due to related parties, which are due on demand. At April 30, 2011, the Company had accounts payable excluding accrued liabilities of \$408,727 (January 31, 2011 - \$157,808), which are due within 30 days.

3. Risk Management and Financial Instruments (continued)

(c) Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. The only market risk to which the Company is exposed is as follows:

Interest rate risk

The Company's cash and cash equivalents and restricted cash consist of cash held in bank accounts, fixed income investments and guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of January 31, 2011. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a significant effect on the Company.

(d) Classification of Financial instruments

IFRS 7 'Financial Instruments: Disclosures' 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 as at April 30, 2011:

	Level 1	Level 2	Level 3
Cash and cash equivalents	\$4,154,462	-	-
	\$4,154,462		

4. Capital Management

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 properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. The Company is in the exploration stage and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of equity instruments. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages its 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. Management reviews the capital structure on a regular basis to ensure that objectives are met.

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4. Capital Management (continued)

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this source financing. There were no changes to the Company's capital management approach during the year ended January 31, 2011.

5. Restricted Cash

The Company has placed deposits in the amount of \$140,000 at April 30, 2011 (January 31, 2011 - \$140,000), registered in the name of the Ministry of Finance of British Columbia, as security for its mining permit and for reclamation. Deposits consist of guaranteed investment certificates earning interest at rates between 0.20% and 0.75%, and maturing between Sept 21, 2012 and April 5, 2012.

6. Mineral Property

The Company owns a 100% undivided interest in certain mineral properties located in the Lillooet Mining Division, British Columbia. The properties consist of 154 Crown-granted mineral claims, ten freehold parcels of land, two reverted Crown-granted claims and eight metric unit claims, all known as the "Bralorne Property".

The following is a summary of the deferred mineral property expenditures for the Bralorne Property:

	April 30, 2011	January 31, 2011
Acquisition costs	\$ 2,442,347	\$ 2,442,347
Deferred exploration and development expenditures	22,299,841	21,176,109
Tailings pond	1,044,187	1,020,840
Mine and plant buildings, and equipment	2,540,783	2,533,602
Provision for decommissioning	98,000	98,000
	<u>28,333,658</u>	<u>27,270,898</u>
Deduct: accumulated concentrate and gold dore sales to date	(1,320,961)	(1,320,961)
	<u>\$ 27,104,197</u>	<u>\$ 25,949,937</u>

As at April 30, 2011, the Company had inventory of gold and silver dore bars with a fair market value of \$674,578 (January 31, 2011 - \$579,378), included at cost in deferred expenditures above. During the three month period ended April 30, 2011, the Company had no sale of concentrate or gold or silver dore bars.

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6. Mineral Property (continued)

Deferred exploration and development expenditures incurred on the Bralorne Property during the three-month period ended April 30, 2011 and the year ended January 31, 2011 and 2010 are as follows:

	April 30, 2011	January 31, 2011
Assays	\$ 32,955	\$ 155,109
Camp operations	53,042	238,485
Field office	28,774	131,554
Drilling	-	296,260
General exploration	901,230	3,783,264
Insurance	-	2,978
Mine power	26,007	111,005
Mill operating	79,572	129,173
Taxes and permits	2,152	24,585
Increase in deferred exploration expenditures	1,123,732	4,872,413
Deferred exploration and development expenditures, beginning of the period	21,176,109	17,492,354
Mining exploration tax credits (note 14)	-	(1,188,658)
Deferred exploration and development expenditures, end of the period	\$ 22,299,841	\$ 21,176,109

Realization of mineral properties

The investment in and expenditures on the mineral property comprise a significant portion of the Company's assets. Realization of the Company's investment in this asset is dependent upon the establishment of legal ownership, the attainment of successful production from the property or from the proceeds of its disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property, the potential for production on the property may be diminished or negated.

6. Mineral Property (continued)

Environmental (continued)

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

7. Property, Plant & Equipment

	April 30, 2011		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 33,357	\$ 17,348	\$ 16,009
Computer software	5,340	5,339	1
Office equipment	6,518	5,361	1,157
Vehicle	52,841	33,628	19,213
	<u>\$ 98,056</u>	<u>\$ 61,677</u>	<u>\$ 36,380</u>

	January 31, 2011		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 33,357	\$ 16,050	\$ 17,307
Computer software	5,340	5,339	1
Office equipment	6,518	5,300	1,218
Vehicle	52,841	32,617	20,224
	<u>\$ 98,056</u>	<u>\$ 59,306</u>	<u>\$ 38,750</u>

8. Site Restoration Obligation

Management has estimated that the present value of its site restoration obligation at April 30, 2011 totals \$98,000 (January 31, 2011 - \$98,000), which amount has been added to the capitalized cost of the mineral property, and recognized as site restoration liability. The present value of the obligation was calculated using a risk-free interest rate of 7.13% (2010 - 7.13%) and an inflation rate of 1.84% (2010 - 2.04%). Reclamation activities are estimated to occur over a three-year period beginning in 2030. The undiscounted value of the obligation is \$110,000 (2010 - \$110,000).

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9. Share Capital

(a) Authorized: Unlimited number of common shares without par value

(b) Issued

- (i) On March 24, 2011, the Company closed the final tranche of a private placement issuing 1,029,500 units at a price of \$1.30 per unit for gross proceeds of \$1,338,350. Each unit consists of one non-flow through common share and one-half share purchase warrant. One whole share purchase warrant is exercisable for a term of six months into one non-flow-through common share at a price of \$1.50 until September 24, 2011.

The Company paid to certain finders a cash commission equal to 7% of the applicable gross proceeds of the financing (\$57,285).

The fair value of the warrants issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.77%, dividend yield of nil, volatility of 40.65% and an expected life of six months. Of the \$1,338,350 total aggregate proceeds raised, \$1,274,662 was attributable to common shares and \$63,688 was attributable to common share purchase warrants, which has been recorded in share capital and reserve for warrants respectively.

- (ii) On March 7, 2011, the Company closed a private placement issuing 1,624,784 units at a price of \$1.30 per unit for gross proceeds of \$2,112,219. Each unit consists of one non-flow through common share and one-half share purchase warrant. One whole share purchase warrant is exercisable for a term of six months into one non-flow-through common share at a price of \$1.50 until September 7, 2011.

The Company paid to certain finders a cash commission equal to 7% of the applicable gross proceeds of the financing (\$96,085).

The fair value of the warrants issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.77%, dividend yield of nil, volatility of 42.48% and an expected life of six months. Of the \$2,112,219 total aggregate proceeds raised, \$2,013,433 was attributable to common shares and \$98,786 was attributable to common share purchase warrants, which has been recorded in share capital and reserve for warrants respectively.

- (iii) On February 28, 2011, the Company closed a private placement issuing 598,462 units at a price of \$1.30 per unit for gross proceeds of \$778,000. Each unit consists of one non-flow through common share and one-half share purchase warrant. One whole share purchase warrant is exercisable for a term of six months into one non-flow-through common share at a price of \$1.50 until August 28, 2011.

The Company paid to certain finders a cash commission equal to 7% of the applicable gross proceeds of the financing (\$54,460).

The fair value of the warrants issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.79%, dividend yield of nil, volatility of 42.91% and an expected life of six months. Of the \$778,001 total aggregate proceeds raised, \$733,080 was attributable to common shares and \$44,920 was attributable to common share purchase warrants, which has been recorded in share capital and reserve for warrants respectively.

9. Share Capital (continued)

(b) Issued (continued)

(iv) During the period ended April 30, 2011, 188,395 (January 31, 2011 – nil) compensation options were exercised for gross proceeds of \$169,556 (January 31, 2011 – \$nil). The Company reallocated the fair value of these compensation units previously recorded in the amount of \$94,987 (January 31, 2011 – \$nil) from contributed surplus to share capital.

(v) During the period ended April 30, 2011, 92,903 (January 31, 2011 – 120,000) warrants were exercised for gross proceeds of \$1,709 (January 31, 2011 – \$120,000). The Company reallocated the fair value of these compensation units previously recorded in the amount of \$116,429 (January 31, 2011 – \$nil) from contributed surplus to share capital.

During the period ended January 31, 2011, 120,525 (January 31, 2011 – 24,667) stock options were exercised for gross proceeds of \$98,525 (January 31, 2011 – \$18,500). The Company reallocated the fair value of these options previously recorded in the amount of \$78,188 (January 31, 2011 - \$10,498) from contributed surplus to share capital.

(vi) During the year ended January 31, 2011, 117,600 warrants were exercised for gross proceeds of \$147,000. The Company reallocated the fair value of these warrants previously recorded in the amount of \$44,085 from contributed surplus to share capital.

(vii) During the year ended January 31, 2011, 15,750 compensation options were exercised for gross proceeds of \$14,176. The Company reallocated the fair value of these compensation units previously recorded in the amount of \$8,434 from contributed surplus to share capital.

(viii) During the year ended January 31, 2011, 837,391 stock options were exercised for gross proceeds of \$909,556. The Company reallocated the fair value of these options previously recorded in the amount of \$934,098 from contributed surplus to share capital.

(c) Compensation options

A summary of compensation options transactions during the three-month period ended April 30, 2011 and the year ended January 31, 2011 is as follows:

	Underlying Options	Weighted Average Exercise Price
Balance, January 31, 2010	443,178	\$0.90
Issued	43,448	\$1.45
Exercised	(15,750)	\$0.90
Balance, January 31, 2011	470,876	\$0.95
Issued	-	-
Exercised	(188,395)	\$0.90
Balance, April 30, 2011	282,481	\$0.98

9. Share Capital (continued)

(c) Compensation options (continued)

As at April 30, 2011 and January 31, 2011, the following compensation options were outstanding and exercisable:

Number of Compensation Options Outstanding and Exercisable		Exercise Price Per			
April 30, 2011	January 31, 2011	Share	Expiry Date		
221,955	349,418	\$0.90	September 28, 2011	*	
17,078	78,010	\$0.90	November 9, 2011	*	
43,448	43,448	\$1.45	June 7, 2011	**	
282,481	470,876				

* The compensation options entitle the holder to one common share and one common share purchase warrant.

** The compensation options entitle the holder to one common share and one-half of one common share purchase warrant. Subsequent to the end of the period, these compensation options expired unexercised.

d) Share purchase warrants

A summary of share purchase warrants transactions during the three-month period ended April 30, 2011 and the year ended January 31, 2011 is as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, January 31, 2010	8,166,996	\$1.60
Issued	360,577	\$1.73
Exercised	(117,600)	\$1.25
Expired	(2,198,112)	\$2.61
Balance, January 31, 2011	6,211,861	\$1.28
Issued	1,814,123	\$1.47
Exercised	(92,258)	\$1.25
Balance, April 30, 2011	7,933,726	\$1.32

9. Share Capital (continued)

(d) Share purchase warrants (continued)

As at April 30, 2011 and January 31, 2011, the following share purchase warrants were outstanding and exercisable:

Number of Warrants Outstanding and Exercisable		Exercise Price Per Share	Expiry Date
April 30, 2011	January 31, 2011		
514,750	-	\$1.50	August 31, 2011
812,392	-	\$1.50	September 7, 2011
299,231	-	\$1.50	September 24, 2011
3,858,439	3,758,434	\$1.25	September 28, 2011
556,000	556,000	\$1.25	September 30, 2011
1,548,087	1,552,600	\$1.25	November 9, 2011
344,827	344,827	\$1.75	June 7, 2011 *
7,933,726	6,211,861		

* Subsequent to the end of the period, these compensation options expired unexercised.

(e) Stock options

The Company has a stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted equal in number up to 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The option price under each option is not less than the discounted market price on the grant date. The expiry date for each option is set by the Board of Directors at the time of issue and cannot be more than five years after the grant date.

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9. Share Capital (continued)

(e) Stock options (continued)

A summary of stock options transactions during the period ended April 31, 2011 and year ended January 31, 2011 is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding at January 31, 2010	2,208,333	\$0.98
Exercised	(837,391)	\$1.09
Expired	(287,500)	\$1.16
Options outstanding at January 31, 2011	1,083,442	\$0.84
Issued	850,000	\$1.16
Exercised	(120,500)	\$0.82
Options outstanding at April 30, 2011	1,812,942	\$0.99

At April 30, 2011, the Company has 1,812,942 stock options outstanding with a weighted average remaining contractual life of 3.96 years.

As at April 30, 2011 and January 31, 2011, the following stock options were outstanding and exercisable:

Number of Options Outstanding		Number of Options Exercisable		Exercise Price per Share	Expiry Date
April 30, 2011	January 31, 2011	April 30, 2011	January 31, 2011		
33,500	33,500		33,500	\$1.16	November 29, 2012
42,000	42,000		42,000	\$1.16	May 14, 2013
273,000	273,000		273,000	\$0.75	November 21, 2013
10,000	49,000		49,000	\$0.75	July 29, 2014
604,442	685,942		685,942	\$0.85	January 15, 2015
850,000	-		-	\$1.16	February 16, 2016
1,812,942	1,083,442		1,083,442		

(f) Share-based payment

Share-based payment expense is determined using the fair value method. The Company estimated the fair value of options granted during the period ended April 30, 2011 of \$781,548 (January 31, 2011 - \$nil) using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 30, 2011	January 31, 2011
Risk-free interest rate	2.74%	N/A
Expected dividend yield	-	N/A
Expected stock price volatility	76.79%	N/A
Expected option life in years	5	N/A

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9. Share Capital (continued)

(f) Share-based payment (continued)

During the period ended April 30, 2011, the Company recorded share-based payment expense on options vested of \$781,548 (2010 - \$nil), allocated as follows:

	2011	2010
Directors, officers and employees	\$ 765,202	\$ -
Consultants	16,346	-
	<u>\$ 781,548</u>	<u>\$ -</u>

Option pricing models require the input of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

10. Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions not disclosed elsewhere in these condensed interim financial statements are as follows:

- (a)** During the three months ended April 30, 2011, the Company paid, or made provision for the future payment of, the following amounts to related parties:
- (i) \$61,722 (2010 - \$43,286) for administrative fees, overhead expenses and reimbursement of out-of-pocket operating expenditures on the Company's behalf and \$14,357 (January 31, 2011 - \$50,026) for certain mineral property expenses to Oniva International Services Corp. ("Oniva"), a private company beneficially owned by the Company and five other reporting companies related through common directors;
 - (ii) \$5,000 (2010 - \$15,000) as consulting fees to private companies controlled by directors;
 - (iii) \$6,661 (2010 - \$nil) as consulting fees to a private companies controlled by a director of a related company;
 - (iv) \$33,500 (2010 - \$24,000) for general exploration expenses on the mineral property to a private company controlled by the President and Chief Executive Officer of the Company for geological consulting and general mine management;
 - (v) \$12,925 (2010 - \$6,000) for general exploration expenses on the mineral property to the Chief Operating Officer;
 - (vi) \$3,000 (2010 - \$4,500) for directors' fees to certain directors of the Company; and
 - (vii) \$nil (January 31, 2011 - \$286,772) for drilling expenses by a private drilling company with common management.

10. Related Party Transactions (continued)

(b) Due from related parties consists of the following:

	April 30, 2011	January 31, 2011
Frobisher Securities	\$ -	\$ 504
Mill Bay Ventures	-	154
ABC Drilling	40,000	-
	\$ 40,000	\$ 658

The above noted related parties are related through common management and directors.

(c) Due to related parties consists of the following:

	April 30, 2011	January 31, 2011
Hazeldene Farm Ltd.*	\$ 150,000	\$ 150,000
Oniva International Services*	61,333	22,428
Jasman Yee & Associates	6,661	-
Due to directors	3,000	-
	\$ 220,994	\$ 172,428

* The above noted related parties are related through common directors or are beneficially owned by the Company and five other companies related through common directors.

Related party balances are unsecured, due on demand and are non-interest bearing.

11. Key Management Personnel Compensation

	Three months ended April 30	
	2011	2010
Key management personnel		
Salaries	\$ 9,950	\$ 9,950
Directors fee	3,000	4,500
Consulting fee	51,425	45,000
Share-based payments	629,062	-
	\$ 693,437	\$ 59,450

12. Commitment

The Company has a cost sharing agreement to reimburse Oniva for a percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one-month notice by either party. Transactions and balances with Oniva are disclosed in Note 10.

14. Supplemental Cash Flow Information

	April 30, 2011	January 31, 2011
BC mining exploration tax credit accrued	\$ 1,340,088	\$ 1,188,658
Accounts payable and accrued liabilities included in mineral property	\$ 233,904	\$ 117,970
Other supplemental cash flow information:		
Cash paid during the period for		
Interest expense	\$ -	\$ -
Income tax expense	\$ -	\$ -

15. Mining Exploration Tax Credit

At April 30, 2011, the Company recorded \$1,340,088 (January 31, 2011 - \$1,188,658) for METC claims. The Company has received a cash payment during the year ended January 31, 2011 of \$779,570 for its METC for the fiscal years ended January 31, 2008 and 2009.

16. Subsequent Events

The following events occurred subsequent to April 30, 2011:

- (i) There were 47,000 stock options exercised for gross proceeds of \$35,250.
- (ii) There were 79,947 compensation options exercised for gross proceeds of \$74,523. For each compensation warrant exercised, a share purchase warrant was issued.
- (iii) The Company sold 200 ounces of gold for net proceeds of \$300,542.

17. First time adoption of International Financial Reporting Standards

As stated in Note 2, these are the Company's first condensed interim financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied in preparing the condensed interim financial statements for the three months ended April 30, 2011, the comparative information for the three months ended April 30, 2010, the statement of financial position as at January 31, 2010 and the preparation of an opening IFRS statement of financial position on the transition date, February 1, 2010.

In preparing its opening IFRS statement of financial position and comparative information for the condensed interim financial statements for the year ended January 31, 2010, the Company has adjusted amounts reported previously in interim financial statements prepared in accordance with Canadian GAAP.

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

The guidance for the first time adoption of IFRS is set out in IFRS 1 *'First-time Adoption of International Financial Reporting Standards'*. Under IFRS 1 the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP charged to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated February 1, 2010:

(a) *Share-based Payment*

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 equity instruments 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 awards that vested prior to January 1, 2010

b) *Asset retirement obligation*

The Company has elected to apply the exemption from full retrospective application of decommissioning provisions as allowed under IFRS 1. As such, the Company has re-measured the provisions as at January 1, 2010 under IAS 37 Provisions, contingent liabilities and contingent assets, estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose using best estimates of the historical risk-adjusted discount rates, and recalculated the accumulated depreciation, depletion and amortization under IFRS up to the transition date.

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

Estimates

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

17. First time adoption of International Financial Reporting Standards (Continued)

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, some differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position. In order to allow the users of the condensed interim financial statements to better understand these changes, the Company's following Statements of Financial Position, Statements of Operations and Comprehensive Loss and Statements of cash flows have been reconciled to IFRS, with the resulting differences explained, below.

- Reconciliation of Assets, Liabilities, and Equity at February 1, 2010, January 31, 2011, and April 30, 2010.
- Reconciliation of Net Loss and Consolidated Statement of Operations and Comprehensive Loss for the period ended April 30, 2010
- Consolidated Statement of Operations and Comprehensive Loss for the year ended January 31, 2011
- Consolidated Statement of Cash Flows for the year-ended January 31, 2011 and three-month period ended April 30, 2010

Notes on GAAP – IFRS Reconciliations

(a) Accounting for equity units

At transition date, the Company elected to change its accounting policy for equity units. In the past, the proceeds received on the issuance of units, consisting of common shares and warrants, were allocated first to warrants based on their fair value determined using the Black-Scholes option pricing model, and the remainder was allocated to common shares.

Upon transition date, the Company elected to allocate the proceeds received on the issuance of units, based on their relative fair values, calculated using the Black-Scholes option pricing model for warrants and the fair value of common shares.

The required adjustment has been calculated based on the outstanding options and warrants. As at February 1, 2010, the change in accounting policy resulted in an increase of \$736,797 in reserves for warrants and a corresponding decrease in share capital. As at April 30, 2010 and January 31, 2011, the Company recorded an additional increase of, respectively, \$nil and \$1,819 in Reserves for warrants and a corresponding decrease in deficit, as those warrants were attached to flow-through units.

Additionally, during the year ended January 31, 2011, agents have been exercised and the fair value of the warrants is then transferred to share capital. Following the adjustment in fair value of the warrants, there is a decrease of \$9,912 of the amount to be transferred into share capital upon exercise of the warrants.

(b) Contributed Surplus

IFRS requires an entity to present, for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the February 1, 2010 transition date and the comparative dates of April 30, 2010 and January 31, 2011, part of the contributed surplus relates to "Reserves for options" and part to "Reserves for warrants".

IFRS also permits a transfer of reserves arising from share-based transactions, within equity. At February 1, 2010, \$2,665,477 of total reserves related to options and warrants no longer outstanding and was therefore transferred to Deficit, in order that the balance of "Reserves for

17. First time adoption of International Financial Reporting Standards (Continued)

(b) Contributed Surplus (continued)

options” and “Reserves for warrants” reflected only the fair value of options and warrants outstanding on that date. During the year ended January 31, 2011, some options and warrants outstanding at February 1, 2010 were expired, and therefore a further transfer of the adjusted fair value attributed to these expired options and warrants was made to Deficit. During the three months ended April 30, 2010, an additional \$1,896,727 and during the remaining of the year ended January 31, 2011, an additional \$412,266 were transferred to Deficit.

(c) Share-based payments

According to the Company’s stock option Plan, all the stock option awarded fully vest on the grant date unless to an Eligible Person providing IR services. Previously, under Canadian GAAP, the Company used the straight-line method of calculating vested options and the share-based compensation arising there from for eligible service providers. Under this method, the fair value of share-based awards with vesting conditions was calculated as one grant and the resulting fair value was recognized on a straight line basis over the vesting period.

However, IFRS requires that each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is recognized over the vesting period of the respective tranches.

As all options outstanding to service providers at February 1, 2010 were vested, no adjustment was required at this date. There has been no share-based compensation awarded to service providers during the year ended January 31, 2011.

Under Canadian GAAP, forfeitures of share-based awards are recognized as they occur. However, under IFRS, forfeiture estimates are recognized in the period share-based awards are granted, and are revised for actual forfeitures in subsequent periods.

(d) Decommissioning liability

Canadian GAAP calculates decommissioning liabilities using current credit-adjusted, risk-free rates for upward adjustments, and the original credit adjusted, risk free rate for downward revisions. The original liability is not adjusted for changes in current discount rates. IFRS however, calculates decommissioning liabilities using a current pre-tax discount rate, (which reflects current market assessment of the time value of money and the risk specific to liability) and is revised every reporting period to reflect changes in assumptions or discount rates. To calculate the decommissioning liability and long-lived asset under IFRS, the Company has elected to apply the exemption available from full retrospective application as allowed under IFRS 1. As such, the Company has re-measured the rehabilitation liability as at February 1, 2010 and subsequent change in obligations under IAS 37 Provisions, contingent liabilities and contingent assets, estimating the amount to be included in the related asset by discounting the liability to the date of first disturbance in which the liability arose, using best estimates of the historical risk-free discount rates, and recalculating the accumulated depreciation and amortization under IFRS. This calculation did not create any adjustment.

In addition, under Canadian GAAP, the unwinding of the discount was included with depreciation and amortization expense, and has now been reclassified to finance costs as required under IFRS.

17. First time adoption of International Financial Reporting Standards (Continued)

(a) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares by recording the funds received as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a deferred tax liability with a charge directly to shareholders' equity.

Also under Canadian GAAP, a portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statements of operations.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed, with any difference charged to the statements of operation as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

The change in accounting policy related to flow-through shares resulted in no adjustments as at February 1, 2010 and April 30, 2010. However, at January 31, 2011, it resulted in an increase in share capital of \$157,085 due to the flow-through share premium, an increase in flow-through liability of \$78,819 and a decrease in deficit of \$235,904.

17. First time adoption of International Financial Reporting Standards (Continued)

In preparing these condensed consolidated interim financial statements, the Company reflected the result of transition in the tables below:

Reconciliation of Assets, Liabilities and Equity

The table below provides a summary of the adjustments to the Company's balance sheets at January 31, 2011, April 30, 2010, and February 1, 2010:

	January 31, 2011	April 30, 2010	February 1, 2010
Total assets under Canadian GAAP	\$ 28,742,354	\$ 26,959,313	\$ 27,045,188
Adjustments required on adoption of IFRS	-	-	-
Total assets under IFRS	\$ 28,742,354	\$ 26,959,313	\$ 27,045,188
Total liabilities under Canadian GAAP	\$ 591,649	\$ 329,846	\$ 337,258
Flow-through shares liability	78,819	-	-
Total liabilities under IFRS	\$ 670,468	\$ 329,846	\$ 337,258
Total equity under Canadian GAAP	\$ 28,150,705	\$ 26,629,467	\$ 26,707,930
Flow-through shares adjustment to share capital	157,085	-	-
Flow-through shares adjustment to reserves for warrants	1,819	-	-
Expired warrants and option	(4,974,470)	(4,562,204)	(2,665,477)
Adjustment to the transfer to share capital on exercise of warrants	9,912	-	-
Adjustment to the transfer to share capital on the exercise of warrants	(9,912)	-	-
Allocation to warrants for the equity units proceeds	736,797	736,797	736,797
Allocation to share capital for the equity units proceeds	(736,797)	(736,797)	(736,797)
Deficit	4,736,747	4,562,204	2,665,477
Total equity under IFRS	\$ 28,071,886	\$ 26,629,467	\$ 26,707,930
Total liabilities and equity under IFRS	\$ 28,742,354	\$ 26,959,313	\$ 27,045,188

17. First time adoption of International Financial Reporting Standards (Continued)

Reconciliation of Net Loss and Comprehensive Loss

The table below provides a summary of the adjustments to net loss and comprehensive loss for the year ended January 31, 2011 and the three months ended April 30, 2010:

	January 31, 2011	April 30, 2010
Net loss and comprehensive loss under Canadian GAAP	\$ 301,841	\$ 95,235
Flow-through shares adjustment	237,723	-
Net loss and comprehensive loss under IFRS	\$ 539,564	\$ 95,235

Reconciliation of Cash-flows

The table below provides a summary of the adjustments to cash-flows for the year ended January 31, 2011 and for the three months ended April 30, 2010:

	January 31, 2011	April 30, 2010
Operating activities under Canadian GAAP	(411,310)	(147,025)
Adjustments required on adoption of IFRS	-	-
Operating activities under IFRS	\$ (411,310)	\$ (147,025)
Investing activities under Canadian GAAP	(4,225,095)	(1,264,221)
Adjustments required on adoption of IFRS	-	-
Investing activities under IFRS	\$ (4,225,095)	\$ (1,264,221)
Financing activities under Canadian GAAP	2,126,633	41,829
Adjustments required on adoption of IFRS	-	-
Financing activities under IFRS	\$ 2,126,633	\$ 41,829

The following discussion and analysis of the operations, results and financial position of Bralorne Gold Mines Ltd. (the "Company" or "Bralorne") should be read in conjunction with the Company's unaudited interim financial statements for the three months ended April 30, 2011 and the audited financial statements for the year ended January 31, 2011.

This Management Discussion and Analysis ("MD&A") is dated July 22, 2011 and discloses specified information up to that date. Bralorne is classified as a "venture issuer" for the purposes of National Instrument 51-102. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and unless otherwise cited, references to dollar amounts are Canadian dollars. Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's 2011 comparatives in this MD&A have been presented in accordance with IFRS.

Throughout this report we refer to "Bralorne", the "Company", "we", "us", "our" or "its". All these terms are used in respect of Bralorne Gold Mines Ltd. ***We recommend that readers consult the "Cautionary Statement" on the last page of this report.*** Additional information relating to the Company is available on SEDAR at www.sedar.com.

Business Description

The Company is a natural resource company, primarily engaged in the acquisition, exploration and development of natural resource properties since its inception. The Company's principal business activity for the last 15 years has been the exploration and development of certain mineral properties located in the Lillooet Mining District of British Columbia in the Bridge River area near Lillooet, specifically referred to as the Bralorne, Pioneer and King gold mines. The Property includes mineral properties that have produced approximately 4 million ounces of gold from 8 million tons of ore over 40 years in the historic Bralorne gold camp of British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol BPM, on the OTCCK under the symbol BPMSF and on the Berlin & Frankfurt Stock Exchanges under the symbol WKN A0B75M or GV7.

The Property consists of 154 Crown granted mineral claims, ten freehold parcels of land, two reverted Crown granted claims and eight metric unit claims that includes the former Bralorne, Pioneer and King gold mines in the historic Bridge River gold mining camp of southwest British Columbia. The entire Bralorne Gold Mine Property covers approximately 2,490 hectares. The Property is located 160 kilometres due north of Vancouver, British Columbia, Canada.

Certain claims comprising a small portion of the Property are subject to an underlying covenant in which the Company is required to pay 1.6385% of Net Smelter Proceeds of Production to Bralorne Resources Limited of Calgary, Alberta. In addition, there is an underlying agreement on 12 specific crown grants that requires the Company to pay to Bralorne Resources Limited of Calgary, Alberta, an amount of fifty cents (\$0.50) per ton of ore produced from these claims, if the ore grade exceeds $\frac{3}{4}$ (0.75) ounce per ton gold.

Overall Performance

The focus of activities during this period was on test milling and underground exploration development to access the BK3 zone. Exploration drilling was also started with both surface and underground diamond drilling targeting extensions of the BK vein and testing interpreted parallel veins. The following summarizes significant events and transactions during the three months ended April 30, 2011 and up to the date of this MD&A:

Mine Exploration Development

Mining continued on the BK 800 stope until the eastern manway collapsed in late March. As of the end of March, 7467 tons grading 0.354 ounces per ton gold were extracted and stockpiled from the BK stope and a further 11,241 tons grading 0.241 ounces per ton gold was estimated for the broken inventory remaining in the stope. Mining of the North vein was completed in early February, with a total of 4685 tons grading 0.42 ounces gold per ton being extracted and stockpiled. The total of the material stockpiled at the portal at the end of March and prior to the mill startup was estimated at 14,052 tons grading 0.368 ounces per ton gold. This included all of the material from the North vein, all of the material extracted from the BK 800 but excluding the broken inventory, plus development muck from the 2008 exploration drift on the BK 800 level.

As of June 30, 2011 a further 1438 tons were extracted from the broken inventory in the BK 800 stope and added to the surface stockpile.

Exploration development to access the BK3 zone commenced in April of 2011. The BK decline is being extended to intersect the zone at the 3700 foot elevation. Several raises and sublevels are planned to develop mining panels on the vein, connected by ramps driven from the main decline. This will define the grade distribution in the vein and prepare for mining to supply the mill.

As of June 30, the total advance achieved in 2011 was 284 feet, with 630 feet of declining remaining to intersect the vein. There was also 68 feet driven on an incline off of the main ramp aimed at accessing the vein at the 3900 foot elevation. A further 372 feet of incline is planned to be driven to access the vein at the 3800 foot elevation. An ore pass was also driven from the 800 level to the 3700 foot target elevation. This raise passed through the lower part of the BK3 zone but did not intersect any significant mineralization.

Mill Start-up

A permit for tailings discharge was received from the BC Ministry of Environment (MOE) in April of 2011 and test milling commenced shortly afterward. The initial start-up phase consisted of reduced throughput of low grade material to fill ore bins and ensure all the mill equipment was operating effectively. Mechanical and electrical issues were addressed as soon as these problems surfaced. The mill was operated continuously once the production of gravity and flotation concentrates reached a steady state. Gravity concentrate is being refined into dore bars on site, which are then taken to a refinery. Flotation concentrate is being bagged and stored at the site until an arrangement for processing is finalized. The average throughput achieved for the month of June was 80 tons per day. The company is looking to increase capacity up to 280 tons per day in two or more years if sufficient resources can be confirmed.

As a condition of the MOE permit, the Company was required to install a catchment liner, pumping system and new pipeline to the tailings impoundment to handle excess mine drainage caused by seasonal surface water run-off. The new equipment installation was completed in early July.

Subsequent to receipt of the MOE permit, the the BC Ministry of Energy and Mines visited the mine site and identified a number of concerns about the Tailings Storage Facility and with environmental management at the site. The Company was then advised that a permit for production will not be forthcoming from MEM until action on these issues is taken. The Company is now in the process of commissioning a review of the Tailings Storage Facility by a qualified engineering firm in order to address these concerns in order to get the final production permit from the BC Ministry of Energy and Mines.

The reader is cautioned that the mill is being operated on a trial basis. There has been insufficient work done to increase the confidence level of the current mineral resources to the category of mineral reserves, and there is no assurance that mineral reserves will be defined or that current

mineral resources will be demonstrated as viable for production. A feasibility study has not been completed. Viable operating and financial projections were made in a Preliminary Economic Assessment by Beacon Hill Consultants Ltd dated 2005, which was updated in 2007 based on a gold price of \$600 per ounce and a milling rate of 280 tons per day. The mill is being started at 80 to 100 tons per day to assess the economic parameters and potential viability of the operation at the current gold price. The Company plans to continue milling as resources are developed and will increase the milling rate if and when sufficient resources are defined and developed.

Exploration

Diamond drill exploration began in June of 2011 starting with underground drilling and later also surface drilling. All holes are being drilled at NQ size and the recovered core is being cut with a diamond saw for sample collection. One half of the core over selected intervals will be sent for analysis and the remaining core will be stored at the core facility located at the mine site. Samples will be shipped to Eco Tech Laboratory Ltd. at Kamloops BC, and routine gold geochemical analyses will be done by the fire assay method using a 1 assay ton charge. All samples of mineralized quartz veins will be assayed by the metallica assay method. Quality control is being achieved by inclusion of reference standards and blank samples in 10% of the samples, and by repeat analyses on selected pulps. Additional analyses of selected samples will be done at second commercial laboratory as a further check. All assay rejects will be retained at the site for further analysis if required. No assays have been received yet for the 2011 program..

Development of the decline to access the new BK-3 zone commenced in April of 2011. The BK decline will be driven about 300 meters to intersect the zone. Drifting to the limits of the mineralization is then planned. A raise is also currently being driven from the 800 level to connect to the upper drift, which will help to define the grade in the lower part of the zone.

Short Term Plans

In the next quarter, the access development to the BK3 zone should be nearly completed. This will be followed by sublevel and raise development in preparation for mining of the upper BK3 zone. The Company is also planning to commence underground exploration development on the 51BFW vein on the 400 Level before the end of the year. This work will be aimed at developing more sources of mill feed in order to sustain the operation.

Surface and Underground diamond drilling will continue to explore the BK Zone and nearby targets. Underground and possibly also surface drilling is planned to explore the 77HW and 52 veins from the 400 Level.

Results of Operations

Three months ended April 30, 2011 compared with the three months ended April 30, 2010.

Head Office - General and Administrative Expenses

General and administrative expenses were \$916,664 for the three months ended April 30, 2011 compared with \$101,613 for the three months ended April 30, 2010, an increase of \$815,051. This increase is primarily related to an increase of \$781,548 in share based payments. The Company also experienced an increase in salaries and benefits due to an increase in number and employees and adjustments to annual compensation. Shareholder information costs also increased by \$22,418 due to the number of tradeshow the Company attended. Directors fees decreased by \$1,500 due to a fewer number of directors. These changes were offset slightly by decreases of \$7,014 in professional fees and \$2,334 in automobile expenses.

Income / Loss For The Period

The loss for the three months ended April 30, 2011 was \$914,448 compared with a loss of \$95,235 for the three months ended April 30, 2010, an increase of \$828,269. As noted above, general and administrative expenses were higher by \$824,107.

Summary of Quarterly Results

Period ended	Apr 30 2011 Q1	Jan 31 2011 Q4	Oct 31 2010 Q3	July 31 2010 Q2	Apr 30 2010 Q1	Jan 31 2010 Q4	Oct 31 2009 Q3	Jul 31 2009 Q2
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	(914,448)	(31,225)	(102,621)	(72,760)	(95,235)	71,697	(246,149)	(146,342)
Income (Loss) per Share basic and diluted	(0.03)	(0.00)	(0.00)	(0.00)	0.00	0.00	(0.03)	(0.01)

(1) Information for 2010 is presented in accordance with Canadian GAAP and has not been restated in accordance with IFRS

The Company's quarterly general and administrative costs remain relatively stable. Factors causing significant changes between the recent eight quarters have primarily been items such as consulting fees, interest income, stock-based compensation, flow-through share costs and future income tax expenses or recoveries which do not occur in every quarter. The increase in loss in the first fiscal quarter is the result of the issuance of stock options to be directors, consultants, and employees.

Liquidity and Capital Resources

The Company has been focused on drilling, development, refurbishing of the mill and exploration. In conjunction with exploration activities, work concerning environmental studies and compliance measures continues. At this time the Company has no operating revenues.

At July 25, 2011, the Company held \$1,308,781 worth of gold dore bars and silver that were produced during the bulk sampling stage in a prior year in safe-keeping, working capital of \$5,097,147 and cash and cash equivalents of \$4,154,462. The Company is continuing its exploration drilling program and has sufficient cash on hand at this time to finance the work on its mineral properties and maintain administrative operations. The Company is also continuing to work towards commercial production.

During the period, 120,500 stock options were exercised for gross proceeds of \$98,525, 92,903 warrants were exercised for gross proceeds of \$116,429 and 188,395 compensation options were exercised for gross proceeds of \$169,555.

On March 24, 2011, the Company closed the final tranche of a private placement issuing 1,029,500 units at a price of \$1.30 per unit for gross proceeds of \$1,338,350. Each unit consists of one non-flow through common share and one-half share purchase warrant. One whole share purchase warrant is exercisable for a term of six months into one non-flow-through common share at a price of \$1.50 until September 24, 2011. The Company paid to certain finders a cash commission equal to 6% of the applicable gross proceeds of the financing (\$57,285).

On March 7, 2011, the Company closed a private placement issuing 1,624,784 non-flow-through units at a price of \$1.30 per unit for gross proceeds of \$2,112,219. Each unit consists of one non-flow through common share and one-half share purchase warrant. One whole share purchase warrant is exercisable for a term of six months into one non-flow-through common share at a price of \$1.50 until September 7, 2011. The Company paid to certain finders a cash commission equal to 7% of the applicable gross proceeds of the financing (\$96,085).

On February 28, 2011, the Company closed a private placement issuing 598,462 non flow-through shares at a price of \$1.30 per unit for gross proceeds of \$778,000. Each non flow-through unit consists of one common share and one share purchase warrant. Each unit consists of one non-flow through common share and one-half share purchase warrant. One whole share purchase warrant is exercisable for a term of six months into one non-flow-through common share at a price of \$1.50 until August 28, 2011. The Company paid to certain finders a cash commission equal to 7% of the applicable gross proceeds of the financing (\$54,460).

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprise substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern are dependent upon the continued support from its shareholders, the discovery of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Mineral exploration and development is capital extensive, and in order to maintain its interest the Company will be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Transactions with Related Parties

During the three months ended April 30, 2011, the Company paid, or made provision for the future payment, of the following amounts to related parties:

- (i) \$61,722 (2010 – 43,286) for administrative fees, overhead expenses and reimbursement of out-of-pocket operating expenditures on the Company's behalf and \$14,357 (2010 - \$50,026) for certain mineral property expenses to Oniva International Services Corp. ("Oniva"), a private company beneficially owned by the Company and five other reporting companies related through common directors;
- (ii) \$5,000 (2010 - \$15,000) as consulting fees to three private companies controlled by directors;
- (iii) \$106,000 (2010 - \$96,000) for general exploration expenses on the mineral property to a private company controlled by the President and Chief Executive Officer of the Company for geological consulting and general mine management;
- (iv) \$ 6,661 (2010 - \$nil) as consulting fees to a private companies controlled by a director of a related company;
- (v) \$ 33,500 (2010 - \$24,000) for general exploration expenses on the mineral property to a private company controlled by the President and Chief Executive Officer of the Company for geological consulting and general mine management;
- (vi) \$12,925 (2010 - \$6,000) for general exploration expenses on the mineral property to the Chief Operating Officer;
- (vii) \$3,000 (2010 - \$4,500) for directors' fees to certain directors of the Company; and
- (viii) \$286,772 (2010 - \$286,772) for drilling expenses from a private drilling company with common management.

Amounts due from related parties consists of \$40,000 (2010 - \$658) from companies with common management and common directors.

Amounts due to related parties consist of \$220,994 (2010 - \$172,428) to companies with common management and common directors.

Related party balances are unsecured, due on demand and do not bear interest.

Key Management Personnel Compensation

Key management personnel	Three months ended April 30	
	2011	2010
Salaries	\$ 9,950	\$ 9,950
Directors fee	3,000	4,500
Consulting fee	51,425	45,000
Share-based payments	629,062	-
	\$ 693,437	\$ 59,450

Transition to International Financial Reporting Standards

On January 1, 2011, the Canadian Accounting Standards Board (“AcSB”) replaced Canadian GAAP with International Financial Reporting Standards (“IFRS”) for publicly accountable enterprises, with a transition date of February 1, 2010. IFRS represents standards and interpretations approved by the International Accounting Standards Board (“IASB”) and are comprised of IFRSs, International Accounting Standards (“IAS”)s and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”)s).

The Company has prepared its April 30, 2011 interim consolidated financial statements in accordance with IFRS, with an effective transition date of February 1, 2010, including IFRS 1 “First-time adoption of international financial reporting standards” and IAS 34, “Interim financial reporting”.

The Company’s IFRS accounting policies are disclosed in Note 2 to the condensed interim consolidated financial statements. Reconciliations between the Company’s financial statements as previously reported under Canadian GAAP and current reporting under IFRS is detailed in Note 17 of the condensed interim consolidated financial statements. Following is a summary of the differences between Canadian GAAP and IFRS:

(a) Accounting for equity units

At transition date, the Company elected to change its accounting policy for equity units. In the past, the proceeds received on the issuance of units, consisting of common shares and warrants, were allocated first to warrants based on their fair value determined using the Black-Scholes option pricing model, and the remainder was allocated to common shares.

Upon transition date, the Company elected to allocate the proceeds received on the issuance of units, based on their relative fair values, calculated using the Black-Scholes option pricing model for warrants and the fair value of common shares.

The required adjustment has been calculated based on the outstanding options and warrants. As at February 1, 2010, the change in accounting policy resulted in an increase of \$736,797 in Reserves for warrants and a corresponding decrease in Share Capital. As at April 30, 2010 and January 31, 2011, the Company recorded an additional increase of, respectively, \$nil and \$1,819 in Reserves for warrants and a corresponding decrease in Deficit, as those warrants were attached to flow-through units.

Additionally, during the year ended January 31, 2011, agents have been exercised and the fair value of the warrants is then transferred to Share capital. Following the adjustment in fair

value of the warrants, there is a decrease of \$9,912 of the amount to be transferred into share capital upon exercise of the warrants.

(a) Contributed Surplus

IFRS requires an entity to present, for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the February 1, 2010 transition date and the comparative dates of April 30, 2010 and January 31, 2011, part of the contributed surplus relates to "Reserves for options" and part to "Reserves for warrants".

IFRS also permits a transfer of reserves arising from share-based transactions, within equity. At February 1, 2010, \$2,665,477 of total reserves related to options and warrants no longer outstanding and was therefore transferred to Deficit, in order that the balance of "Reserves for options" and "Reserves for warrants" reflected only the fair value of options and warrants outstanding on that date. During the year ended January 31, 2011, some options and warrants outstanding at February 1, 2010 were expired, and therefore a further transfer of the adjusted fair value attributed to these expired options and warrants was made to Deficit. During the three months ended April 30, 2010, an additional \$1,896,727 and during the remaining of the year ended January 31, 2011, an additional \$412,266 were transferred to Deficit.

(c) Share-based payments

According to the Company's stock option Plan, all the stock option awarded fully vest on the grant date unless to an Eligible Person providing IR services. Previously, under Canadian GAAP, the Company used the straight-line method of calculating vested options and the share-based compensation arising there from for eligible service providers. Under this method, the fair value of share-based awards with vesting conditions was calculated as one grant and the resulting fair value was recognized on a straight line basis over the vesting period.

However, IFRS requires that each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is recognized over the vesting period of the respective tranches.

As all options outstanding to service providers at February 1, 2010 were vested, no adjustment was required at this date. There has been no share-based compensation awarded to service providers during the year ended January 31, 2011.

Under Canadian GAAP, forfeitures of share-based awards are recognized as they occur. However, under IFRS, forfeiture estimates are recognized in the period share-based awards are granted, and are revised for actual forfeitures in subsequent periods.

(d) Asset retirement obligation

Canadian GAAP calculates ARO using current credit-adjusted, risk-free rates for upward adjustments, and the original credit adjusted, risk free rate for downward revisions. The original liability is not adjusted for changes in current discount rates. IFRS however, calculates ARO using a current pre-tax discount rate, (which reflects current market assessment of the time value of money and the risk specific to liability) and is revised every reporting period to reflect changes in assumptions or discount rates. To calculate the ARO liability and long-lived asset under IFRS, the Company has elected to apply the exemption available from full retrospective application as allowed under IFRS 1. As such, the Company has re-measured the rehabilitation liability as at February 1, 2010 and subsequent change in

obligations under IAS 37 Provisions, contingent liabilities and contingent assets, estimating the amount to be included in the related asset by discounting the liability to the date of first disturbance in which the liability arose, using best estimates of the historical risk-free discount rates, and recalculating the accumulated depreciation and amortization under IFRS. This calculation did not create any adjustment.

(a) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares by recording the funds received as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a deferred tax liability with a charge directly to shareholders' equity.

Also under Canadian GAAP, a portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statements of operations.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed, with any difference charged to the statements of operation as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

The change in accounting policy related to flow-through shares resulted in no adjustments as at February 1, 2010 and April 30, 2010. However, at January 31, 2011, it resulted in an increase in share capital of \$157,085 due to the flow-through share premium, an increase in flow-through liability of \$78,819 and a decrease in deficit of \$235,904.

Outstanding Share Data

The following is the Company's outstanding share data as of April 30, 2011 and July 22, 2011:

Common Shares: 28,167,365 as of April 30, 2011 and 28,294,312 as of July 22, 2011

Stock Options

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (April 30/11)	Number of Shares Remaining Subject to Options (July 22/11)
November 29, 2012	\$1.16	33,500	33,500
May 14, 2013	\$1.16	42,000	42,000
November 21, 2013	\$0.75	273,000	236,000
July 29, 2014	\$0.75	10,000	-
January 15, 2015	\$0.85	604,442	604,442
February 4, 2016	\$1.16	850,000	850,000
TOTAL:		1,812,942	1,765,942

Compensation Options

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (April 30/11)	Number of Shares Remaining Subject to Options (July 22/11)
September 28, 2011	\$0.90	221,955	152,401
November 9, 2011	\$0.90	17,078	6,685
June 7, 2011	\$1.45	43,448	43,448
TOTAL:		282,481	202,534

Warrants

Expiry Date	Exercise Price	Underlying Shares (April 30/11)	Underlying Shares (July 22/11)
September 28, 2011	\$1.25	3,858,439	3,927,993
September 30, 2011	\$1.25	556,000	556,000
November 9, 2011	\$1.25	1,548,087	1,558,480
June 7, 2011	\$1.75	344,827	344,827
August 31, 2011	\$1.50	299,231	299,231
September 7, 2011	\$1.50	812,392	812,392
September 24, 2011	\$1.50	514,750	514,750
TOTAL:		7,933,726	8,013,673

Commitment

The Company has a cost sharing agreement to reimburse Oniva a percentage of its overhead expenses, and reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one month's notice by either party.

Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company assessed the design of the internal controls over financial reporting as at April 30, 2011 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

- a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken steps to mitigate these risks by increasing additional accounting personnel, consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected.

The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting occurring during the three months ended April 30, 2011 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

16. Subsequent Events

The following events occurred subsequent to April 30, 2011:

- (i) There were 47,000 stock options exercised for gross proceeds of \$35,250.
- (ii) There were 79,947 compensation options exercised for gross proceeds of \$74,523. 74,523. For each compensation warrant exercised, a share purchase warrant was issued.
- (iii) The Company sold 200 ounces of gold for net proceeds of \$300,542.

Cautionary Statement

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of July 22, 2011. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.