METALEX VENTURES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2011

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Metalex Ventures Ltd.

We have audited the accompanying consolidated financial statements of Metalex Ventures Ltd. which comprise the consolidated balance sheets as at April 30, 2011 and 2010 and the consolidated statements of operations and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Metalex Ventures Ltd. as at April 30, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Accountants

August 24, 2011

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METALEX VENTURES LTD.
CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30

	2011	2010
ASSETS		
Current		
Cash	$ 18,153,497	$ 8,926,728
Receivables	63,207	170,257
Prepaid expenses	195,690	979,742
Exploration advances (Note 7)	74,435	-
	18,486,829	10,076,727
Mineral properties (Note 3)	369,750	369,750
Equipment (Note 5)	209,192	36,741
	$ 19,065,771	$ 10,483,218
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 856,182	$ 2,253,047
Shareholders' equity		
Capital stock (Note 6)	81,751,643	67,216,657
Contributed surplus (Note 6)	15,027,625	12,068,418
Deficit	(78,569,679)	(71,054,904)
	18,209,589	8,230,171
	$ 19,065,771	$ 10,483,218

Nature and continuance of operations (Note 1)
Subsequent event (Note 13)

On behalf of the Board:

"Lorie Waisberg" Director *"Chad Ulansky"* Director

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED APRIL 30

	2011	2010
Expenses		
Amortization	$ 20,540	$ 33,294
Consulting fees	19,163	-
Exploration expenditures (Note 4)	6,581,893	14,366,243
Management fees	60,000	60,000
Office and administrative	263,406	327,741
Professional fees	87,477	84,158
Property investigation	32,465	-
Stock-based compensation (Note 6)	1,913,473	803,956
Transfer agent and filing fees	40,124	40,093
Travel and promotion	42,748	110,912
Loss before other items	(9,061,289)	(15,826,397)
Other items		
Administration fees earned	-	14,924
Interest income	85,951	40,861
Foreign exchange (loss) gain	(37,944)	29,517
Loss on disposal of equipment (Note 5)	(543)	-
	47,464	85,302
Loss before income taxes	(9,013,825)	(15,741,095)
Future income tax recovery (Note 8)	1,499,050	3,825,000
Loss and comprehensive loss for the year	(7,514,775)	(11,916,095)
Deficit, beginning of year	(71,054,904)	(59,138,809)
Deficit, end of year	$ (78,569,679)	$ (71,054,904)
Basic and diluted loss per share	$ (0.15)	$ (0.40)
Weighted average number of shares outstanding	49,310,076	29,908,612

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED APRIL 30

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (7,514,775)	$ (11,916,095)
Items not affecting cash:		
Amortization	20,540	285,858
Loss on disposal of equipment	543	-
Stock-based compensation	1,913,473	803,956
Recoveries through professional fees	-	(43,450)
Future income tax recovery	(1,499,050)	(3,825,000)
Changes in non-cash working capital items:		
Decrease in receivables	107,050	73,407
(Increase) decrease in prepaid expenses	784,052	(960,385)
Increase in exploration advances	(74,435)	-
Decrease in accounts payable and accrued liabilities	(1,530,201)	(2,557,778)
Net cash used in operating activities	(7,792,803)	(18,139,487)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(60,198)	(1,538)
Net cash used in investing activities	(60,198)	(1,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of capital stock	18,504,750	30,000,000
Share issuance costs	(1,424,980)	(1,904,176)
Advances from related party	-	786,300
Repayment of advances from related party	-	(2,490,100)
Payments on capital lease	-	(190,685)
Net cash provided by financing activities	17,079,770	26,201,339
Increase in cash during the year	9,226,769	8,060,314
Cash, beginning of year	8,926,728	866,414
Cash, end of year	$ 18,153,497	$ 8,926,728
Cash paid for interest during the year	$ -	$ 9,534
Cash paid for income taxes during the year	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 12)

See accompanying notes to consolidated financial statements..

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the acquisition and exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

Business combinations, non-controlling interests and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning May 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ending April 30, 2011. The Company has begun assessing the adoption of IFRS for 2011, and is considering accounting policy choices under IFRS.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The subsidiaries were incorporated under foreign jurisdiction, have no assets or liabilities and have been inactive since incorporation.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Significant accounts that require estimates relate to the impairment of mineral properties, useful lives of equipment, valuation allowances for future income taxes, valuation of stock-based compensation, shares issued for non-cash consideration and the valuation of warrants in private placements.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company has determined that it has no significant asset retirement obligations as at April 30, 2011 and 2010.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the straight-line method at rates estimated to amortize the cost of the assets over their expected useful lives.

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the net future tax assets.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a future income tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders on renunciation. A portion of the Company's future income tax assets, if any, that were not recognized in previous years, due to a recording of a valuation allowance, will be applied against the future income tax liability resulting in a recovery of future income taxes in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options and warrants. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares of the Company at the average market price during the period. For the years presented, this calculation was not presented separately as the calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of shares outstanding during the year.

Stock-based compensation

The Company has a stock option plan which is described in Note 6. The Company uses the fair value method of accounting for stock options whereby the fair value of options granted is recorded in the financial statements as a compensation expense over the vesting period of the stock options. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Financial instruments

The Company follows the recommendations of the CICA under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These Handbook Sections, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

Disclosures are required about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

See Note 10 for relevant disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties

Exploration and development costs are expensed until such time as reserves are proven and financing to complete development has been obtained. Acquisition costs of mineral properties and tangible development costs incurred thereon, are deferred until the property to which they relate is placed into production, sold or abandoned. The carrying values of mineral properties are, where necessary, written down to fair value if carrying value is not recoverable. Costs relating to properties abandoned are written off when the decision to abandon is made.

The Company follows the cost reduction method of accounting for the receipt of property option and similar payments. Cash and other property payments received from the Company's exploration partners are credited to the respective property until all capitalized costs are recovered; thereafter, such payments are included in income. Option payments are exercisable at the discretion of the optionee and are only recognized when received.

Foreign currency translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

3. MINERAL PROPERTIES

The carrying values of the Company's mineral properties are as follows:

	2011	2010
Property acquisition costs:		
Attawapiskat, Ontario	$ 225,000	$ 225,000
James Bay, Quebec	80,000	80,000
Wawa, Ontario	64,750	64,750
Total acquisition costs	$ 369,750	$ 369,750

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

3. MINERAL PROPERTIES (cont'd…)

Attawapiskat Property, Ontario

Big Red Diamond Joint Venture

As at April 30, 2011 the Company has a 63.9% working interest (54% earned interest) in certain mineral claims in the Attawapiskat area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex Development Ltd. ("Kel-Ex"). The Company is obligated to contribute to the costs of the exploration program in proportion to its working interest.

Dumont Joint Venture

As at April 30, 2011 the Company has a 61.1% working interest (44.4% earned interest) in certain mineral claims located in the vicinity of the Attawapiskat property. These claims are subject to 10% carried interests in favour of each of Kel-Ex and Dumont Nickel Inc. ("Dumont"). The Company is obligated to contribute to the costs of the exploration program in proportion to its working interest.

Wemindji James Bay Property, Quebec

During fiscal 2003, the Company acquired a 33.3% interest in various mineral claims located in the Wemindji James Bay region of Quebec, Canada from Kel-Ex in consideration for 20,000 common shares of the Company valued at $80,000.

During fiscal 2007, the Company received notification from one joint venture party that they did not wish to participate in non-diamond related exploration on these claims. The Company finalized a joint venture agreement with the remaining partner for the exploration of various base metals within the same claim area in the Wemindji James Bay region. The Company holds a 50% interest in this joint venture while retaining its 33.3% share in the original project which will explore solely for diamonds.

Kyle Lake Project, Ontario

At April 30, 2011, the Company has a 94% earned interest in certain mineral claims located in the Kyle Lake area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex. This interest is financed on a pro-rata basis by the Company and Arctic Star and will be carried through to commercial production. Funds expended by the Company and Arctic Star in financing this interest will be repaid out of 90% of Kel-Ex's share of mine profits.

James Bay Lowlands Property, Ontario

At April 30, 2011, the Company has a 70% earned interest in certain mineral claims located in the Kyle Ring of Fire region of the James Bay Lowlands, Ontario.

In March 2008, the Company and Arctic Star entered into a farm-in agreement whereby White Pine Resources Inc. ("WPR") can earn up to a 50% interest in certain mineral claims. Certain of these claims were previously included as part of the Kyle Lake project. Under the terms of the agreement, WPR has the right to earn up to a 50% interest in the project by funding up to $20,000,000 in expenditures on the property over a 4 year period (the Company subsequently granted WPR a two year extension in May 2011). For each $5,000,000 in funding, WPR will acquire a 12.5% interest in the claims (25% interest earned as at April 30, 2011).

3. MINERAL PROPERTIES (cont'd…)

Wawa Property, Ontario

In July 2005, the Company executed an agreement with Mori Diamonds Inc ("Mori") that allows the Company to earn a 60% interest in certain claim units by solely funding the first diamond deposit discovered in the claim units to bankable feasibility. The Company paid $129,500 to Mori upon signing the agreement and, commencing December 2005, agreed to pay $100,000 annually until it earns its interest or withdraws from the venture. The claim units are subject to a 2% net smelter royalty.

In August 2005, the Company assigned certain rights and obligations under the Mori agreement to Dianor Resources Inc. ("Dianor"). Under the agreement, Dianor will pay 50% of all of the Company's costs pertaining to the Mori agreement and will receive 50% of the Company's entitlements and obligations. Dianor will also allow the Company access to its technical data base covering certain claims at Wawa.

Mali

In May 2007, the Company was granted an exploration permit which is valid for a period of three years; renewable twice for a total of nine years.

In February 2009, the Company was granted a second exploration permit which is valid for a period of three years; renewable twice for a total of nine years.

The annual exploration commitments for both permits in CFA Francs ("CFA"), with Canadian Dollar equivalents using exchange rates at April 30, 2011 is estimated as follows:

Fiscal		
2012	692,000,000 CFA	$1,482,956

To date, the exploration commitments have not been met.

Angola

The Company entered into an agreement for kimberlite diamond exploration in Angola pursuant to an agreement executed by the Angolan Council of Ministers in April 2005. Under the terms of the agreement, the Company contributes 100% of all costs incurred by the project up to the end of feasibility studies. These costs are repaid out of future profits and during the period the costs are being repaid, the Company's interest in the project is 55-60%. After the Company's costs have been repaid, the Company's interest in the project will be 25%. The kimberlite license was valid for a three year period to April 29, 2008 and was twice renewable for one year periods through to April 29, 2010. Under the terms of the license, the Company was required to spend US$10,000,000. The Company has received a further two year extension through to May 21, 2012.

3. MINERAL PROPERTIES (cont'd…)

Morocco

In May 2004, the Company entered into an agreement with the Office National de Hydrocarburers et des Mines ("ONHYM") to conduct preliminary exploration work in Southern Morocco in order to identify areas on which to undertake further exploration work. In May 2005, the Company added additional areas for exploration work on the same terms and conditions as the first agreement. The agreements were governed by the laws and regulations of the Kingdom of Morocco and were valid until November 2006.

In April 2011, the Company entered into a new joint venture agreement with the ONHYM for further exploration of the claim areas. The Company will hold a 60% interest while ONHYM will retain a 40% interest in the project. Both parties will be responsible for funding their respective interests.

The Company's portion of the minimum annual exploration commitments pursuant to the terms of the agreement in Canadian Dollars is estimated as follows:

Calendar	
2011	$2,900,000
2012	$1,725,000
2013	$ 690,000

Greenland

In December 2003, the Company applied for an exploration license in the Umiiviit area of West Greenland. The license was granted in May 2004 and was effective to December 31, 2008.

In January 2005, the Company entered into an agreement with Cantex Mine Development Corp. ("Cantex"), whereby two exploration licenses held by Cantex in Greenland were transferred and assigned to the Company. Portions of the exploration licenses were relinquished in December 2006 and the remaining ground was amalgamated into a single license. This license was renewed for a period of 5 years effective to December 2013.

In June 2011, the Company elected to relinquish the exploration license. Pursuant to the terms of the exploration license, the Company may be required to pay a penalty equivalent to 50% of the unfulfilled exploration commitment from calendar 2010 (approx $100,500).

4. EXPLORATION EXPENDITURES

	Attawapiskat, Ontario	James Bay, Quebec	Kyle Lake, Ontario	James Bay, Ontario	Wawa, Ontario	Mali	Angola	Morocco	Greenland	Total
Cumulative expenditures, April 30, 2009	$ 8,698,593	$ 1,900,987	$ 24,048,981	$ -	$ 1,448,256	$ 93,060	$ 13,504,571	$ 2,573,651	$ 3,231,393	$ 55,499,492
Additions										
Aircraft field transport	16,931	-	2,843,333	28,245	-	-	10,459	-	30,335	2,929,303
Camp and field supplies	778	3,070	659,672	54,383	-	10,061	361,136	39	4,034	1,093,173
Drill supplies and repairs	-	63,120	713,707	-	-	-	53,775	-	-	830,602
Equipment rental and amortization	-	-	270,687	1,200	-	-	206,304	-	-	478,191
Fuel	-	-	521,940	-	-	-	29,944	-	-	551,884
Licenses, Rent and other	1,630	1,930	16,889	-	50,000	-	149,971	770	20,990	242,180
Labour	9,898	44,961	3,545,684	51,911	149,265	22,935	1,171,823	2,342	26,854	5,025,673
Sample laboratory analysis	32,560	357,308	508,200	13,010	-	-	1,221,032	206,376	-	2,338,486
Shipping and freight	-	-	246,804	247	2,648	1,847	294,729	-	10,171	556,446
Telephone and communications	-	-	51,770	242	-	2,082	36,803	-	145	91,042
Travel and accommodation	4,100	1,058	241,839	-	-	6,276	110,850	591	13,787	378,501
Total additions	65,897	471,447	9,620,525	149,238	201,913	43,201	3,646,826	210,118	106,316	14,515,481
Cost recoveries	-	-	-	(149,238)	-	-	-	-	-	(149,238)
Net exploration expenditures during year	65,897	471,447	9,620,525	-	201,913	43,201	3,646,826	210,118	106,316	14,366,243
Cumulative expenditures, April 30, 2010	8,764,490	2,372,434	33,669,506	-	1,650,169	136,261	17,151,397	2,783,769	3,337,709	69,865,735
Additions										
Aircraft field transport	306,759	541,696	140,789	-	-	-	-	-	-	989,244
Camp and field supplies	45,717	28,330	74,890	-	-	-	118,055	34	-	267,026
Drill supplies and repairs	22,713	-	25,224	-	-	-	23,259	-	-	71,196
Equipment rental and amortization	13,343	-	28,922	-	-	-	43,827	-	-	86,092
Fuel	32,815	90,105	6,533	-	-	-	10,613	-	-	140,066
Licenses, Rent and other	2,826	8,174	2,091	-	50,000	4,075	97,688	12,634	6,778	184,266
Labour	176,662	239,333	532,285	30,000	-	1,012	510,532	48,893	1,239	1,539,956
Sample laboratory analysis	23,727	515,418	1,865,689	-	471,344	-	128	-	19,611	2,895,917
Shipping and freight	6,282	25,083	322,314	-	-	614	32,951	1,288	-	388,532
Telephone and communications	2,015	1,972	7,023	-	-	-	12,174	-	-	23,184
Travel and accommodation	8,448	91,846	51,338	-	-	-	20,724	7,720	-	180,076
Total additions	641,307	1,541,957	3,057,098	30,000	521,344	5,701	869,951	70,569	27,628	6,765,555
Cost recoveries	-	-	(153,662)	(30,000)	-	-	-	-	-	(183,662)
Net exploration expenditures during year	641,307	1,541,957	2,903,436	-	521,344	5,701	869,951	70,569	27,628	6,581,893
Cumulative expenditures, April 30, 2011	$ 9,405,797	$ 3,914,391	$ 36,572,942	$ -	$ 2,171,513	$ 141,962	$ 18,021,348	$ 2,854,338	$ 3,365,337	$ 76,447,628

5. EQUIPMENT

		2011			2010		
	Expected useful life	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Field equipment	2-3 years	$ 1,071,917	$ 880,309	$ 191,608	$ 880,309	$ 880,309	$ -
Automotive	3 years	241,176	226,177	14,999	241,176	211,177	29,999
Computer equipment	3 years	18,135	15,550	2,585	18,712	12,688	6,024
Furniture and fixtures	5 years	5,194	5,194	-	5,194	4,476	718
		$ 1,336,422	$ 1,127,230	$ 209,192	$ 1,145,391	$ 1,108,650	$ 36,741

In May 2010, the Company disposed of certain computer equipment with an original cost of $2,503, accumulated amortization of $1,960 and a net book value of $543. The proceeds on disposition was $Nil.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of common shares without par value			
Issued			
Balance as at April 30, 2009	9,379,160	$ 46,377,500	$ 7,832,795
Private placement	36,375,000	30,000,000	-
Share issue costs	-	(5,335,843)	3,431,667
Stock-based compensation – options granted	-	-	803,956
Tax benefits renounced to flow-through share subscribers	-	(3,825,000)	-
Balance as at April 30, 2010	45,754,160	67,216,657	12,068,418
Private placement	20,709,402	18,504,750	-
Share issue costs	-	(2,470,714)	1,045,734
Stock-based compensation – options granted	-	-	1,913,473
Tax benefits renounced to flow-through share subscribers	-	(1,507,425)	-
Balance as at April 30, 2011	66,463,562	$ 81,743,268	$ 15,027,625

Private placements

In October 2009, the Company completed a brokered private placement consisting of 18,000,000 flow-through shares at $0.85 per share for gross proceeds of $15,300,000 and 18,375,000 non-flow-through units at $0.80 per unit for gross proceeds of $14,700,000. Each unit consists of one common share and one half of one share purchase warrant, each whole warrant exercisable for the purchase of one common share of the Company at a price of $1.30 per share until October 6, 2011. Finders' fees in the amount of $1,904,176 were paid in connection with this private placement. In addition, 3,637,500 agents' options were issued as finder's fees in connection with this placement. The agents' options are exercisable for the purchase of non-flow-through units of the Company at a price of $0.80 per unit for a period of two years from the date of issuance. Each unit will consist of one common share and one half of one share purchase warrant, each whole warrant exercisable for the purchase of one common share of the Company at a price of $1.30 per share until October 6, 2011. The agents' options were valued at $3,431,667 using the Black-Scholes option pricing model with an expected volatility of 135%, a risk free interest rate of 1.3%, an expected life of 2 years and an expected dividend yield of 0%.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Private placements (cont'd…)

In December 2010, the Company completed a brokered private placement consisting of 6,699,667 flow-through units at $0.90 per unit for gross proceeds of $6,029,700 and 1,821,500 non-flow-through units at $0.70 per unit for gross proceeds of $1,275,050. Each flow-through unit consists of one flow-through common share and one half of one non flow-through common share purchase warrant. Each whole warrant in the flow-though unit is exercisable for the purchase of one additional non flow-through common share at $1.00 per share until December 23, 2012. Each non flow-through unit consists of one non flow-through common share and one half of one non flow-through common share purchase warrant. Each whole warrant in the non flow-though unit is exercisable for the purchase of one additional non flow-through common share at $0.90 per share until December 23, 2012. Finder's fees in the amount of $572,230 were paid and 852,117 agents' options were issued as finder's fees in connection with this placement. The agents' options are exercisable for the purchase of 852,117 non flow-through units at a price of $0.70 per unit until December 23, 2012. Each unit will consist of one common share and one half warrant, each whole warrant exercisable for the purchase of one common share at $0.90 per share until December 23, 2012. The agents' options were valued at $512,423 using the Black-Scholes option pricing model with an expected volatility of 115%, a risk free interest rate of 1.7%, an expected life of 2 years and an expected dividend yield of 0%.

In April 2011, the Company completed a brokered private placement of 5,000,000 flow-through shares at $1.00 per share for gross proceeds of $5,000,000 and 5,882,353 non-flow-through units at $0.85 per unit for gross proceeds of $5,000,000. Each non flow-through unit consists of one non flow-through common share and one half of one non flow-through common share purchase warrant. Each whole warrant is exercisable for the purchase of one additional common share at $1.00 per share until April 13, 2013. Finder's fees in the amount of $852,750 were paid and 761,765 agents' options were issued as finder's fees in connection with this placement. The agents' options are exercisable for the purchase of 761,765 non flow-through units at $0.85 per unit until April 13, 2013. Each unit will consist of one common share and one half warrant, each whole warrant exercisable for the purchase of one common share at $1.00 per share until April 13, 2013. The agents' options were valued at $533,311 using the Black-Scholes option pricing model with an expected volatility of 92%, a risk free interest rate of 1.8%, an expected life of 2 years and an expected dividend yield of 0%.

In April 2011, the Company completed a non-brokered private placement with the Chairman of the Company for gross proceeds of $1,200,000 through the issuance of (i) 600,000 flow-through shares at a price of $1.00 per share, and (ii) 705,882 non flow-through units at a price of $0.85 per unit. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one additional common share at a price of $1.00 until April 13, 2013. No finder's fees were paid in connection with this placement.

Deferred share unit plan

The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Under the plan, directors will earn compensation quarterly at which time the number of deferred share units will be determined based on the Company's share price at the end of the quarter. Upon leaving the Board, directors, at their discretion, can elect to receive either cash or shares for the deferred compensation. As of April 30, 2011, $319,167 of deferred compensation (2010 - $259,167) has been accrued in accounts payable which equates to 292,132 shares (2010 – 192,498 shares) if the directors elected to receive shares under the plan.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Stock-based compensation

During fiscal 2011, the Company recognized stock-based compensation of $1,913,473 (2010 - $803,956) in the statement of operations as a result of the granting and vesting of incentive stock options. The weighted average fair value of options granted was $0.55 per option (2010 - $0.71).

The fair value of compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair value are as follows:

	2011	2010
Risk-free interest rate	1.9%	2.0%
Expected option life	3 years	3 years
Expected stock price volatility	121.5%	119.9%
Expected dividend yield	0%	0%

Stock options and warrants

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. On October 23, 2009, shareholders approved and the Company implemented a new stock option plan. The exercise price of the options issued under the plan is determined by the Board of Directors at the time the options are granted. The options vest immediately upon grant, unless otherwise determined by the Board of Directors, and are exercisable for up a period of up to ten years from the date of grant.

Stock option and share purchase warrant transactions are summarized as follows:

	Stock Options		Agents' Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, April 30, 2009	516,800	$ 1.08	-	$ -	1,012,700	$ 7.10
Granted	1,133,000	1.00	3,637,500	0.80	9,187,500	1.30
Expired/cancelled	-	-	-	-	(1,012,700)	7.10
Outstanding, April 30, 2010	1,649,800	1.02	3,637,500	0.80	9,187,500	1.30
Granted	3,495,000	0.86	1,613,882	0.77	7,554,700	0.99
Outstanding, April 30, 2011	5,144,800	$ 0.91	5,251,382	$ 0.79	16,742,200	$ 1.16
Number currently exercisable	5,144,800	$ 0.91	5,251,382	$ 0.79	16,742,200	$ 1.16

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Stock options and warrants (cont'd…)

In October 2009, the Company granted an aggregate of 1,133,000 options to certain officers, directors, employees and consultants. Each of these options vested immediately and allow the holder to purchase one common share in the Company at a price of $1.00 until October 23, 2014.

In June 2010, the Company granted an aggregate of 825,000 options to certain officers, directors, and employees. Each of these options vested immediately and allow the holder to purchase one common share in the Company at a price of $0.80 until June 15, 2015.

In October 2010, the Company granted an aggregate of 770,000 options to certain officers, directors, and employees. Each of these options vested immediately and allow the holder to purchase one common share in the Company at a price of $0.70 until October 20, 2020.

In March 2011, the Company granted an aggregate of 1,900,000 stock options to certain directors, officers and employees. Each of these options vest immediately and allow the holder to purchase one common share of the Company at a price of $0.95 until March 28, 2021.

The following stock options and warrants were outstanding at April 30, 2011:

	Number	Exercise Price	Expiry Date
Options	5,000	$ 7.00	November 1, 2011
	3,000	4.50	March 5, 2013
	508,800	1.00	November 18, 2013
	1,133,000	1.00	October 23, 2014
	825,000	0.80	June 15, 2015
	770,000	0.70	October 20, 2020
	1,900,000	0.95	March 28, 2021
	5,144,800		
Agents' Options	3,637,500	$ 0.80	October 6, 2011
	852,117	0.70	December 23, 2012
	761,765	0.85	April 13, 2013
	5,251,382		
Warrants	9,187,500	$ 1.30	October 6, 2011
	3,349,833	1.00	December 23, 2012
	910,750	0.90	December 23, 2012
	3,294,117	1.00	April 13, 2013
	16,742,200		

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

a) Paid or accrued either, directly or indirectly, sampling, laboratory and mineralogical costs of $1,497,454 (2010 - $1,917,246) to a company controlled by a director; and a 10% administration fee of $135,089 (2010 - $92,647), geological consulting fees of $170,555 (2010 - $312,918), drilling and equipment rental charges of $5,842 (2010 - $202,802), interest on equipment leases of $Nil (2010 - $9,534) and shared office and administrative costs of $26,588 (2010 - $15,295) to two companies controlled by directors.

b) Recorded recoveries, which were netted against various expenses, for shared office and administrative costs of $58,693 (2010 - $57,434) and for shared field expenditures of $7,674 (2010 - $1,824) from a company controlled by a director and from a company with common directors and management.

Included in accounts payable is $1,730 (2010 - $425,718) for laboratory and mineralogical costs, $Nil (2010 - $129,285) for project payroll and camp supplies costs, $20,893 (2010 - $2,888) for consulting fees, $2,009 (2010 - $33,249) for shared office and administrative costs and $Nil (2010 - $380,854) for exploration work completed on certain properties owing to companies controlled by directors and a company with common directors and management.

Included in receivables is $1,073 (2010 - $4,371) for shared office and administrative costs due from a company controlled by a director and from a company with common directors and management.

Included in exploration advances is $74,435 (2010 - $Nil) which represent funds advanced to Kel-Ex Development Ltd ("Kel-Ex"), a company controlled by a director of the Company, towards the exploration of certain mineral properties. Kel-Ex is the operator of these properties and is holding these funds on behalf of the Company towards future exploration work.

These transactions were in the normal course of operations and measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2011	2010
Loss before income taxes	$ (9,013,825)	$(15,741,095)
Expected income tax recovery	$ 2,508,818	$ 4,643,623
Exploration expenditures	(1,831,938)	(4,163,535)
Other non-deductible items	(6,617)	(85,517)
Stock-based compensation	(532,577)	(237,167)
Tax deductible share issuance costs	244,940	253,681
Non-capital losses, financing costs and resource pool benefits	1,116,424	3,413,915
Income tax recovery – future	$ 1,499,050	$ 3,825,000

8. INCOME TAXES (cont'd…)

The significant components of the Company's future income tax assets are as follows:

	2011	2010
Future income tax assets:		
Losses available for future periods	$ 1,505,869	$ 1,162,189
Other tax assets	858,348	717,468
Mineral properties	6,074,329	5,927,907
	8,438,546	7,807,564
Valuation allowance	(8,438,546)	(7,807,564)
	$ -	$ -

The Company has non-capital losses of approximately $6,023,000 available to reduce future years' taxable income. These losses, if not utilized, will expire through to 2031. The Company also has, subject to certain restrictions, mineral property resource expenditures available to reduce future years' taxable income.

During fiscal 2011, the Company issued 12,299,667 (2010 - 18,000,000) common shares on a flow-through basis for gross proceeds of $11,629,700 (2010 - $15,300,000). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. During fiscal 2011, the Company renounced exploration expenditures of approximately $5,996,202 (2010 - $15,300,000).

9. CAPITAL RISK MANAGMENT

The Company includes equity, comprised of issued common shares, contributed surplus and deficit, in the definition of capital.

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company expects its current capital resources will be sufficient to complete its currently budgeted exploration programs and operations through its current operating period. Until its equity financing was recently completed, the Company had relied on extended credit terms and/or advances from a related party to fund its operations. The Company is currently not subject to externally imposed capital requirements. The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in secure deposits in large Canadian financial institutions.

The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

While the Company's capital is raised in Canadian dollars, the Company is conducting business in Angola, Mali and Greenland whose currencies are the Rand, Franc and Krone, respectively. As such, the Company is subject to risk due to fluctuations in the exchange rates for those currencies as well as the United States and Canadian dollar. The Company does not use derivative financial instruments to reduce its exposure to foreign currency risk.

b) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is in large Canadian financial institutions and it does not have any asset-backed commercial paper. The Company's receivables consist mainly of mineral property recoveries due from joint venture partners and HST receivable due from the Federal Government of Canada. The Company is subject to the risk that its joint venture partners will default on amounts owing for their portion of exploration expenditures (April 30, 2011 - $Nil). Any such amounts defaulted would dilute that partners' interest in the exploration joint venture and would require the Company to pick up the proportionate share of future exploration expenditures.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is very limited interest rate risk as the Company holds no material interest bearing financial obligations or assets.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 9.

e) Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of diamonds and other minerals. The Company's input costs are also affected by the price of fuel. Management monitors diamond, precious metal and fuel prices to determine the appropriate course of action to be taken by the Company.

11. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	2011	2010
Capital Assets (Mineral properties and equipment):		
Canada	$ 372,335	$ 376,492
Angola	206,607	29,999
	$ 578,942	$ 406,491

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended April 30, 2011 included:

a) issuing 1,613,882 agent's options valued at $1,045,734 as finder's fees for the private placement.

b) accruing $133,336 in equipment through accounts payable and accrued liabilities.

Significant non-cash transactions for the year ended April 30, 2010 included issuing 3,637,500 agent's options valued at $3,431,667 as finder's fees for the private placement.

13. SUBSEQUENT EVENT

Subsequent to April 30, 2011, the Company entered into an agreement with a firm to provide investor relation services. The agreement has an initial term of 12 months and requires the Company to pay $4,000 per month and issue a total of 40,000 stock options in quarterly instalments. Pursuant to the terms of the agreement, 10,000 stock options were granted on July 1, 2011 to the firm. The options vest immediately and allow the holder to purchase one common share of the Company at a price of $0.55 until June 30, 2012.