

COOPER MINERALS INC.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

August 31, 2011

COOPER MINERALS INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of **Cooper Minerals Inc.** have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

COOPER MINERALS INC.
INTERIM CONSOLIDATED BALANCE SHEETS
As at

	August 31, 2011 (Unaudited)	November 30, 2010 (Audited)
ASSETS		
Current		
Cash and cash equivalents	\$ 781,247	\$ 791,421
Amounts receivable (Note 3)	341,198	132,575
Marketable securities (Note 4)	282,423	607,423
Prepaid expenses	25,373	112,029
	1,430,241	1,643,448
Exploration advance (Note 5)	194,100	-
Mineral properties (Note 5)	4,440,934	2,763,760
	\$ 6,065,275	\$ 4,407,208
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	\$ -	\$ 1,737
Accounts payable and accrued liabilities	4,291	35,609
	4,291	37,346
Shareholders' equity		
Share capital (Note 6)	30,919,588	28,764,788
Contributed surplus (Note 6)	2,360,212	2,360,212
Deficit	(26,285,483)	(26,146,805)
Accumulated other comprehensive loss	(933,333)	(608,333)
	6,060,984	4,369,862
	\$ 6,065,275	\$ 4,407,208

Nature of Business and Going Concern (Note 1)

Approved on behalf of the Board:

“Simon Tam”

Director

“Craig Walker”

Director

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

COOPER MINERALS INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
Three and Nine Months Ended August 31, 2011 and 2010
(Unaudited)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2011	2010	2011	2010
General and administrative expenses				
Amortization	\$ -	\$ 1,354	\$ -	\$ 4,064
Accounting, audit and legal fees (Note 7)	12,354	20,952	56,980	52,203
Bank charge and interest	79	229	903	493
Consulting (Note 7)	30,000	15,000	94,500	45,000
Marketing and promotion	46,175	11,243	105,910	36,832
Property investigation	4,722	-	7,906	-
Rent and office (Note 7)	4,712	5,018	14,679	14,507
Shareholder information	626	-	3,441	-
Transfer agent and filing fees	1,594	1,393	17,420	13,915
Travel	12,835	39,046	64,820	39,046
Loss before other items	(113,097)	(94,235)	(366,559)	(206,060)
Other items				
Interest income	479	508	3,439	1,782
Royalty income	75,000	75,000	225,000	225,000
Foreign exchange gain (loss)	41	-	(558)	-
Write off mineral property	-	-	-	(3,244,142)
	75,520	75,508	227,881	(3,017,360)
Net loss	(37,577)	(18,727)	(138,678)	(3,223,420)
Other comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale financial assets	32,500	(396,306)	(325,000)	(713,222)
Comprehensive loss for the period	(5,077)	(415,033)	(463,678)	(3,936,642)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.07)
Weighted average number of common shares outstanding	70,019,220	44,019,220	56,639,658	44,019,220

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

COOPER MINERALS INC.
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
Three and Nine Months Ended August 31, 2011 and 2010
(Unaudited)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2011	2010	2011	2010
Deficit, beginning of period	\$ (26,247,906)	\$ (24,946,054)	\$ (26,146,805)	\$ (21,741,361)
Net loss for the period	(37,577)	(18,727)	(138,678)	(3,223,420)
Deficit, end of period	\$ (26,285,483)	\$ (24,964,781)	\$ (26,285,483)	\$ (24,964,781)

COOPER MINERALS INC.
INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS
As At

	August 31, 2011 (Unaudited)	November 30, 2010 (Audited)
Accumulated other comprehensive income (loss), beginning	\$ (608,333)	\$ 67,489
Unrealized loss on available-for-sale financial assets	(325,000)	(675,822)
Accumulated other comprehensive loss, ending	\$ (933,333)	\$ (608,333)

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

COOPER MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three and Nine Months Ended August 31, 2011 and 2010
(Unaudited)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2011	2010	2011	2010
CASH FLOWS FROM (USED IN)				
Operating activities				
Cash paid to suppliers	\$ (146,547)	\$ (104,851)	\$ (444,620)	\$ (249,618)
Receipts of receivables	15,901	3,726	33,131	12,108
Interest received	-	-	2,426	-
Royalty received	-	50,000	12,500	250,000
	(130,646)	(51,125)	(396,563)	12,490
Investing activities				
Exploration advance	-	-	(194,100)	-
Mineral properties	-	(7,089)	(452,574)	(17,071)
	-	(7,089)	(646,674)	(17,071)
Financing activities				
Bank indebtedness	-	-	(1,737)	-
Net proceeds from share issuance	370,000	-	1,034,800	-
	370,000	-	1,033,063	-
INCREASE (DECREASE) IN CASH	239,354	(58,214)	(10,174)	(4,581)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	541,893	1,043,968	791,421	990,335
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 781,247	\$ 985,754	\$ 781,247	\$ 985,754
Cash and cash equivalents consist of:				
Cash			\$ 581,247	\$ 134,280
Cash equivalents			200,000	851,474
			\$ 781,247	\$ 985,754
Supplemental Cash Flow Information				
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

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

COOPER MINERALS INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED AUGUST 31, 2011
(Unaudited)

1 Nature of Business and Going Concern

Cooper Minerals Inc. (the “Company”) was incorporated under the Business Corporation Act (Yukon) on May 20, 1958 and continued in British Columbia. The Company is a Canadian junior resource company engaged in the acquisition, exploration and development of mineral properties with the potential for mineral commodities. The Company’s common shares are listed on the TSX Venture Exchange and the Frankfurt Stock Exchange. All of the Company’s activities to date have been of an exploratory nature. At August 31, 2011, the Company had interest in mineral properties located in Canada, Mexico and Pakistan.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) on a going concern basis, which assumes that the Company will continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. As at August 31, 2011, the Company had a working capital of \$1,425,950.

The recoverability of amounts shown as mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or disposition thereof.

2 Significant Accounting Policies

Basis of Presentation and Principle of Consolidation

These interim consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, Cooper Minerals International (Barbados) Corp. (“CMIBC”), Cooper Minerals Holdings (Barbados) Corp., (“CMHBC”), both incorporated under the laws of Barbados, and State Elite Group Limited (“State Elite”) and Eastern Grand Holdings Limited (“Eastern Grand”), both incorporated in British Virgin Islands, and its 60% owned subsidiary, AJK Coal Mining Company (PVT.) Limited (“AJK”), incorporated in Pakistan. All significant intercompany balances and transactions have been eliminated upon consolidation.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP for interim financial information and following the same accounting policies and methods of application as the most recent audited consolidated financial statements of the Company for the year ended November 30, 2010. These interim consolidated financial statements do not include all the information and note disclosures required by Canadian GAAP for annual financial statements and therefore should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto for the year ended November 30, 2010. In management’s opinion, all adjustments considered necessary for fair presentation have been included in these financial statements. Interim results are not necessarily indicative of the results expected for the financial year.

Certain comparative figures have been reclassified to conform to current period’s presentation.

COOPER MINERALS INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2 Significant Accounting Policies (continued)

Future accounting changes

Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

In January 2009, the Canadian Institute of Chartered Accountants (“CICA”) issued Handbook Sections 1582 “*Business Combinations*”, 1601 “*Consolidated Financial Statements*” and 1602 “*Non-Controlling Interests*” which replaced 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 the International Financial Reporting Standards. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Early adoption of these sections is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be adopted at the same time.

International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises are required to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will convert to IFRS effective December 1, 2011. The Company is currently working on its conversion plan and is in the process of completing the identification and analysis of the differences between Canadian GAAP and IFRS relevant to the Company, and any required changes to the system and business processes. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS. The quantitative impact on the consolidated financial statements cannot be reasonably determined at this time.

3 Amounts Receivable	August 31, 2011	November 30, 2010
Interest receivable	\$ 1,569	\$ 556
Royalties receivable	337,500	125,000
GST/HST receivable	2,129	7,019
	\$ 341,198	\$ 132,575

COOPER MINERALS INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED AUGUST 31, 2011
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4 Marketable Securities	August 31, 2011	November 30, 2010
Marketable securities consist of shares held in publicly traded companies. Marketable securities are measured at fair values which are determined based on their listed market price at reporting date:		
Agricola Resources Plc. (“Agricola”)	\$ 22,423	\$ 22,423
Rochester Resources Ltd. (“Rochester”)	260,000	585,000
	\$ 282,423	\$ 607,423

The Company holds 1,650,000 ordinary shares of Agricola, a company listed on the Plus Stock Exchange in the United Kingdom (the “Plus”) and 6,500,000 common shares of Rochester, a company listed on the TSX Venture Exchange in Canada. These shares were acquired pursuant to the terms of certain mineral property option agreements.

5 Mineral Properties

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.

The following table summarize mineral property costs as at and for the period ended August 31, 2011 and the year ended November 30, 2010.

	Acquisition Costs	Exploration and Development Expenditures	August 31, 2011
Contact Lake Property (Note 5a))	\$ 395,884	\$ 879,813	\$ 1,275,697
Mina Real and Santa Fe Property (Note 5c))	1,488,063	-	1,488,063
AJK Coal Property (Note 5d))	1,677,174	-	1,677,174
	\$ 3,561,121	\$ 879,813	\$ 4,440,934

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5 Mineral Properties (continued)

	Acquisition Costs	Exploration and Development Expenditures	Disposal and Abandonment	November 30, 2010
Contact Lake Property (Note 5a))	\$ 1,033,438	\$ 1,222,977	\$ (980,718)	\$ 1,275,697
Finland Uranium Property (Note 5b))	2,455,600	788,192	(3,243,792)	-
Mina Real and Santa Fe Property (Note 5c))	1,488,063	-	-	1,488,063
	\$ 5,081,701	\$ 2,011,169	\$ (4,224,510)	\$ 2,763,760

a) Contact Lake Uranium Property, Northwest Territories, Canada

By agreement dated October 4, 2005, the Company acquired a 100% interest in the Contact Lake Property entailing approximately 74,505 acres located 423 kilometres north of Yellowknife in the Northwest Territories. Upon commencement of commercial production, the optionor will be entitled to a net smelter royalty of 2% on all minerals. The Company can buy down to a 1% net smelter royalty at a cost of \$2,000,000. Included in the purchase price were 208,594 common shares issued for finder's fees.

By agreement dated March 12, 2007, the Company acquired a 100% interest in the Contact Lake Property entailing 45 claims covering approximately 98,801 acres located 423 kilometres north of Yellowknife in the Northwest Territories and adjacent to the above mentioned claim. Upon commencement of commercial production, the optionor will be entitled to a net smelter royalty of 2.5% on all minerals. The Company can buy down to a 1.5% net smelter royalty at a cost of \$2,000,000. Included in the purchase price were 223,529 common shares issued for finder's fees.

By agreement dated November 12, 2007, the Company acquired a 100% interest in the Contact Lake Property entailing 131 claims and covering approximately 306,027 acres located 423 kilometres north of Yellowknife, Northwest Territories. This property is adjacent to the two properties already held by the Company. Upon commencement of commercial production, the Vendor will be entitled to a net smelter royalty of 2.5% on all minerals. The Company can buy down to a 1.5% net smelter royalty at a cost of \$2,000,000.

During the year ended November 30, 2009, the Company abandoned 176 claims covering an area of 404,828 acres and did not renew the licences for these areas. The deferred acquisition and exploration costs of \$5,976,637 associated with these claims had been written off.

During the year ended November 30, 2010, the Company abandoned further 35 claims covering an area of approximately 45,963 acres and wrote off deferred acquisition and exploration costs of \$980,710.

As at August 31, 2011, the Company has 15 claims covering a total of approximately 28,542 acres in the Contact Lake area.

5 Mineral Properties (continued)

b) Namura Uranium Property, Finland

By agreement dated July 25, 2006, the Company acquired 100% of the outstanding shares of Namura Finland Ltd. ("Namura"). As consideration, the Company issued 6,000,000 common shares of the Company at \$0.32 per share and paid \$335,000 in cash. The cost of due diligence paid in cash of \$151,118 was also added to the cost of this purchase.

Namura is the beneficial holder of 33 mineral claim reservations ("MCR") over 27 known uranium occurrences located in central and southern Finland.

During the year ended November 30, 2010, the Company decided to abandon the property and write off all related acquisition and exploration costs of \$3,243,792. The Company dissolved Namura as of November 18, 2010.

c) Mina Real and Santa Fe Gold Silver Property, Mexico

Pursuant to a Joint Venture Agreement dated November 20, 2008 and an Amendment Agreement dated January 16, 2009 (the "JV Agreement"), the Company entered into a transaction with Rochester Resources Ltd. ("Rochester") and acquired an undivided 10% equity interest in the capital stock of Mina Real Mexico S.A. de C.V. ("Mina Real"), a private company incorporated in Mexico which was wholly owned by Rochester. Mina Real holds certain mining concessions and claims covering 20,662.42 hectares (the "Mina Real Property") located in Tepic, Mexico. In addition, Mina Real holds a 70% equity interest in Compania Minera Santa Fe S.A. De C.V. ("Santa Fe") which holds certain mining concessions and claims (the "Santa Fe Property") located in Tepic, Mexico. Pursuant to the JV Agreement, the Company made a cash payment of \$1,475,000 to Rochester and subscribed for 3,500,000 common shares of Rochester at a price of \$0.15 per share for a cost of \$525,000.

Pursuant to the JV Agreement, the Company will receive a gross overriding advance royalty payment of \$25,000 per month free and clear of any and all costs or expenses of every kind and nature whatsoever, incurred in connection with the operation of the Mina Real Property. The gross overriding advance royalty payment may be credited against the Company's 10% share of the net profit of the Mina Real Property and Santa Fe Property. However, the payment is not dependent on the profitability of the properties and shall be payable even if the properties do not generate any profit.

Pursuant to the JV Agreement, Rochester has an option to re-acquire the 10% equity interest in Mina Real from the Company (the "Back-In Option"). The Back-In Option has a term of three years commencing on December 22, 2008 and may be exercised by Rochester as follows:

- (i) If exercised during the second year of the term, by payment of \$2,075,000 cash to the Company; and,
- (ii) If exercised during the third year of the term, by payment of \$2,000,000 in cash to the Company.

The Back-In Option shall not be exercised during the first year of the term.

The Company and Rochester are related by way of common directors.

As at August 31, 2011, Rochester owed the Company \$337,500 in past due royalties.

COOPER MINERALS INC.
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(Unaudited)

5 Mineral Properties (continued)

d) AJK Coal Property, Pakistan

On September 3, 2010, the Company entered into an option agreement to acquire a 60% interest in certain thermal coal properties located in Pakistan. The properties consist of 2,230 acres of land, and an application for an additional 200 square kilometres for the exploration and production of coal located within the Navel & Planna Village, and Karjai Villages, Tehsil and District Kotli, Azad Government of the State of Jammu and Kashmir, Pakistan. Consideration is cash payments totalling US\$500,000, incurring exploration expenditures of US\$2,000,000 on the properties over a three-year period and issuing 4,000,000 common shares of the Company. The payments schedule is as follows:

Cash Payments:

- i) US\$100,000 on execution of this option agreement (paid); and
- ii) US\$400,000 within 5 business days of TSX Venture Exchange approval (paid).

Share Issuance:

- i) 4,000,000 common shares within 5 business days of TSX Venture Exchange approval (issued);

Work Expenditures:

- iii) US\$500,000 on or before April 14, 2012;
- iv) A further US\$500,000 on or before April 14, 2013; and
- v) A further US\$1,000,000 on or before April 14, 2014.

The Company also paid a finder's fee of \$65,974.

As at August 31, 2011, the Company had incurred total acquisition costs of \$1,677,174 and advanced exploration cost of \$194,100 (US\$200,000). The Company and the optionor also incorporated AJK for further exploration and development of the property.

6 Share Capital and Contributed Surplus

a) Authorized

Unlimited common shares without par value

b) Issued and outstanding

	Number of Shares	Amount	Contributed Surplus
Balance, November 30, 2009	44,019,220	\$ 28,764,788	\$ 2,275,479
Stock-based compensation	-	-	84,733
Balance, November 30, 2010	44,019,220	28,764,788	2,360,212
Private placement, net of cost (i)	22,000,000	1,034,800	-
Shares issued for mineral property (ii)	4,000,000	1,120,000	-
Balance, August 31, 2011	70,019,220	\$ 30,919,588	\$ 2,360,212

COOPER MINERALS INC.
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THREE AND NINE MONTHS ENDED AUGUST 31, 2011
(Unaudited)

6 Share Capital and Contributed Surplus (continued)

b) Issued and Outstanding (continued)

- (i) In April 2011, the Company completed a private placement of 22,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,100,000. Each unit consisted of one common shares and one share purchase warrant having a five-year term for the purchase of one further common share of the Company at the exercise price of \$0.10 per share in the first year, \$0.15 per share in the second year, \$0.20 per share in the third year, and \$0.30 in the fourth and fifth year. The Company paid a finder's fee of \$65,200 in cash.
- (ii) In April 2011, the Company issued 4,000,000 common shares to the vendor pursuant to the option agreement on the AJK coal property (see Note 5).

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2009 and 2010	-	\$ -
Issued (Note 6 b) (i))	22,000,000	0.20
Balance, August 31, 2011	22,000,000	\$ 0.20

As at August 31, 2011, the Company has 22,000,000 warrants outstanding and expire on April 22, 2016.

d) Stock options

The Company has an incentive stock option plan (the "Plan"). The Plan provides that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the current issued and outstanding common shares. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price as calculated and defined in accordance with the policies of the TSX Venture Exchange.

	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (years)
Balance, November 30, 2009	3,030,000	\$ 0.42	1.38
Expired	(1,400,000)	-	-
Granted	2,000,000	0.25	5
Balance, November 30, 2010	3,630,000	0.42	3.13
Expired	(1,030,000)	0.50	-
Balance, August 31, 2011	2,600,000	\$ 0.40	3.26

COOPER MINERALS INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED AUGUST 31, 2011
(Unaudited)

6 Share Capital and Contributed Surplus (continued)

d) Stock options (continued)

On September 3, 2010, the Company granted 2,000,000 stock options to certain directors, officers and consultants. These options are exercisable at a price of \$0.25 per share starting January 3, 2011. The Company recognized \$84,733 (2009 -\$Nil) of stock-based compensation expense for these options. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-valuation model with the following assumptions:

	For the period ended August 31, 2011	For the year ended November 30, 2010
Expected dividend yield	n/a	0.00%
Expected stock price volatility	n/a	106%
Risk-free interest rate	n/a	2.01%
Expected life of options	n/a	5 years

The following summarizes the stock options outstanding at August 31, 2011:

Exercise Price	Outstanding and exercisable at August 31, 2011	Expiry Date
\$ 0.80	700,000	November 13, 2012
\$ 0.25	1,900,000	September 3, 2015
	2,600,000	

7 Related Party Transactions

The following is a summary of the related party transactions that occurred during the period ended August 31, 2011:

- a) Accounting fees of \$27,000 (2010-\$25,500) were paid to a company related to a director and officer of the Company.
- b) Consulting fees of \$45,000 (2010-\$45,000) were paid to a company owned by a director and officer of the Company.
- c) Consulting fees of \$19,000 (2010-\$nil) were paid to a director of the Company.
- d) Rent of \$13,500 (2010-\$13,500) were paid to a company related to a director and officer of the Company.
- e) Marketing and promotion expense of \$1,460 (2010-\$675) were paid to a director of the Company for website maintenance services.

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

8 Financial Instruments and Risk Management

The Company's financial instruments include cash and cash equivalents, amounts receivable, marketable securities, accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. The fair value of cash and cash equivalents and marketable securities are measured based on level 1 of the fair value hierarchy.

The fair value hierarchy that prioritizes the inputs used to measure fair value is 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 or indirectly; and

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

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because the receivables are from a major bank and government agencies.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2011, the Company had cash and cash equivalents balance of \$781,247 to settle current liabilities of \$4,291. Accordingly, the Company is able to meet its current obligations and has minimal liquidity risk. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk includes currency risk, interest rate risk and price risk. The Company's activities may expose it to the financial risks of changes in the price of resources. As the Company's current activities are exploration in nature, currently the Company is not exposed to price risk.

Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company is subject to foreign currency risk relating to its exploration expenditures denominated in US dollars or other foreign currency. Currently the Company does not manage currency risks through hedging or other currency management tools.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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9 Capital Management

The Company's objectives in managing capital are to maintain an optimal capital structure to reduce the overall cost of capital and to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. In the management of capital, the Company includes cash and cash equivalents, and shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mining property interests.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended August 31, 2011. The Company is not subject to externally imposed capital requirements.

10 Segment Information

The Company operates in one business segment, being the acquisition, exploration and development of mineral properties. Geographical information with respect to the Company's assets is as follows:

	August 31, 2011	November 30, 2010
Canada	\$ 2,705,938	\$ 2,919,145
Mexico (Mineral property)	1,488,063	1,488,063
Pakistan (Exploration advance and mineral property)	1,871,274	-
	<u>\$ 6,065,275</u>	<u>\$ 4,407,208</u>

11 Subsequent Events

- In September 2011, 140,000 warrants were exercised for gross proceeds of \$14,000.
- In September 2011, the Company hired Mr Muhammad Khalid Pervaiz as the managing director of AJK. The Company also commenced work program on the AJK coal property in Pakistan and advanced further exploration cost of US\$400,000.