Adex Mining Inc.
Condensed Interim Consolidated Financial Statements
June 30, 2011
(Unaudited)

Management's Responsibility for Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Adex Mining Inc. (the "Company" or "Adex") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed unaudited interim consolidated financial statements of the Company 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.

DATED this 16 day of August, 2011.

ADEX MINING INC.

Per: *(signed) "Linda Kam Kwan"*
Name: Linda Lam Kwan
Title: Chief Executive Officer

Per: *(signed) "William C. Burton"*
Name: William C. Burton
Title: Chief Financial Officer

ADEX Mining Inc.

Interim Consolidated Statements of Financial Position

As at	**June 30 2011 $**	December 31 2010 $	January 01 2010 $
	(Unaudited)	(note 13)	(note 13)
Assets			
Current			
Cash and cash equivalents	**9,317,881**	3,698,193	1,758,924
Committed cash (note 3)	**-**	-	1,008,199
Prepaid expenses	**111,314**	109,527	54,329
Accounts receivable	**96,834**	241,271	66,979
Interest receivable	**35,444**	34,162	32,392
	9,561,473	4,083,153	2,920,823
Exploration and evaluation (note 5)	**8,376,304**	7,724,715	5,891,903
Reclamation bonds (note 4)	**854,437**	829,506	780,103
Tailings impoundment facility (note 5)	**641,077**	641,077	629,777
Property, plant & equipment net (note 6)	**45,356**	45,951	3,061
Equipment under capital lease (note 7)	**26,612**	44,031	69,192
	19,505,259	13,368,433	10,294,859
Liabilities			
Current			
Accounts payable & accruals (note 10)	**1,478,858**	461,377	295,880
Capital lease obligation - current portion (note 10)	**27,711**	24,629	22,970
	1,506,569	486,006	318,850
Deferred income tax (note 13)	**1,002,050**	1,002,050	1,002,050
Capital lease obligation - non-current portion (note 10)	**2,219**	17,400	42,028
	2,510,838	1,505,456	1,362,928
Commitments, contingencies and guarantees (note 10)			
Shareholders' equity (note 8)			
Share capital	**51,169,336**	43,983,287	40,262,492
Contributed surplus	**1,986,215**	1,971,162	1,779,255
Warrants	**485,837**	1,014,417	272,731
Compensation unit options	**10,828**	21,656	67,375
Deficit	**(36,657,795)**	(35,127,545)	(33,449,922)
	16,994,421	11,862,977	8,931,931
	19,505,259	13,368,433	10,294,859

The accompanying notes are an integral part of these financial statements

ADEX Mining Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)	For the three months ended June 30		For the six months ended June 30	
	2011	2010	**2011**	2010
	$	$	**$**	$
		(note 13)		(note 13)
Expenses				
Administrative and general (note 10)	**1,004,377**	267,411	**1,264,088**	510,121
Mineral property expenses	**110,557**	64,104	**224,339**	136,801
Stock-based compensation (note 8)	**8,729**	72,043	**49,945**	142,959
Depreciation	**252**	693	**336**	1,387
Interest earned on funds on deposit	**(5,574)**	(3,460)	**(8,458)**	(5,678)
	1,118,341	400,791	**1,530,250**	785,590
Net loss and comprehensive loss	**(1,118,341)**	(400,791)	**(1,530,250)**	(785,590)
Weighted average number of shares outstanding	**156,552,100**	96,526,026	**156,511,996**	96,526,026
Basic and diluted loss per share	**(0.01)**	0.00	**(0.01)**	(0.01)

The accompanying notes are an integral part of these financial statements

ADEX Mining Inc.

Interim Consolidated Statements of Cash Flows

(Unaudited)	For the three months ended June 30		For the six months ended June 30	
	2011	2010	**2011**	2010
	$	$	**$**	$
				(note 13)
Operating activities				
Net loss for the period	**(1,118,341)**	(400,791)	**(1,530,250)**	(785,590)
Items not affecting cash:				
Stock-based compensation	**8,729**	72,043	**49,945**	142,959
Depreciation of property, plant and equipment	**16,574**	7,128	**32,980**	14,255
Amortization of bond premium	**4,318**	3,465	**8,636**	6,930
	(1,088,720)	(318,155)	**(1,438,688)**	(621,446)
Change in non-cash working capital				
Prepaid expenses	**28,151**	28,456	**(1,787)**	(11,740)
Interest receivable	**(17,425)**	(16,765)	**(1,283)**	(1,105)
Accounts receivable	**15,298**	(45,327)	**144,437**	(53,487)
Accounts payable & accruals	**647,117**	(95,945)	**513,481**	(103,525)
Cash used in operating activities	**(415,579)**	(447,736)	**(783,840)**	(791,303)
Investing activities				
Additions to property, plant & equipment	**-**	-	**(14,966)**	-
Additions to reclamation bonds	**-**	-	**(33,567)**	(31,323)
Additions to mineral properties	**(244,802)**	(209,529)	**(651,589)**	(572,851)
Cash used in investing activities	**(244,802)**	(209,529)	**(700,123)**	(604,174)
Financing activities				
Exercise of warrants	**7,200,000**	-	**7,200,000**	-
Exercise of compensation units	**-**	-	**15,750**	-
Capital lease payments	**(6,102)**	(5,691)	**(12,099)**	(11,284)
Financing expense	**(100,000)**	-	**(100,000)**	-
Cash provided by financing activities	**7,093,898**	(5,691)	**7,103,651**	(11,284)
Change in cash and cash equivalents	**6,433,517**	(662,956)	**5,619,688**	(1,406,761)
Cash and cash equivalents, beginning of the period	**2,884,364**	2,023,318	**3,698,193**	2,767,123
Cash and cash equivalents, end of the period	**9,317,881**	1,360,362	**9,317,881**	1,360,362
Cash and cash equivalents comprises:				
Cash	**27,881**	15,364	**27,881**	15,364
Guaranteed investment certificate	**9,290,000**	909,881	**9,290,000**	909,881
Committed cash	**-**	435,117	**-**	435,117
Non-cash transactions				
Common shares issued for acquisition of mineral properties	**-**	**-**	**-**	**-**
Common shares issued to settle liabilities	**-**	**-**	**-**	**-**
Warrants issued as part of share issue costs	134,400	-	134,400	-
Supplemental information				
Interest paid	**-**	**-**	**-**	**-**
Income taxes paid	**-**	**-**	**-**	**-**

The accompanying notes are an integral part of these financial statements

ADEX Mining Inc.

Interim Consolidated Statements of Equity

(Unaudited)

	Share capital	Contributed Surplus	Warrants	Compensation unit options	Deficit	Total
Balance, January 1, 2010	40,262,492	1,779,255	272,731	67,375	(33,449,922)	8,931,931
Net income and comprehensive income	-	-	-	-	(384,799)	(384,799)
Stock option compensation expense	-	70,916	-	-	-	70,916
Balance, March 31, 2010	40,262,492	1,850,171	272,731	67,375	(33,834,721)	8,618,048
Net income and comprehensive income	-	-	-	-	(400,791)	(400,791)
Stock option compensation expense	-	72,043	-	-	-	72,043
Balance, June 30, 2010	40,262,492	1,922,214	272,731	67,375	(34,235,512)	8,289,300
Net income and comprehensive income	-	-	-	-	(892,033)	(892,033)
Stock option compensation expense	-	48,948	-	-	-	48,948
Issuance of common shares	4,800,000	-	-	-	-	4,800,000
Allocation to warrants	(680,000)	-	680,000	-	-	-
Compensation unit options exercised	98,133	-	14,086	(45,719)	-	66,500
Share issue expense	(497,338)	-	47,600	-	-	(449,738)
Balance, December 31, 2010	43,983,287	1,971,162	1,014,417	21,656	(35,127,545)	11,862,977
Net income and comprehensive income	-	-	-	-	(411,909)	(411,909)
Stock option compensation expense	-	41,216	-	-	-	41,216
Compensation unit options exercised	44,449	(34,892)	17,020	(10,828)	-	15,749
Balance, March 31, 2011	44,027,736	1,977,486	1,031,437	10,828	(35,539,454)	11,508,033
Net income and comprehensive income	-	-	-	-	(1,118,341)	(1,118,341)
Stock option compensation expense	-	8,729	-	-	-	8,729
Warrants exercised	7,880,000	-	(680,000)	-	-	7,200,000
Financing expense	(738,400)	-	134,400	-	-	(604,000)
Balance, June 30, 2011	51,169,336	1,986,215	485,837	10,828	(36,657,795)	16,994,421

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Adex Mining Inc. (the "Company") holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the "Property" or "Mount Pleasant") where the Company is developing a potential polymetalic mine focusing on tin, indium, zinc, molybendum and tungsten.. Within the mineral rights area the Company owns approximately 405 hectares of land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. The Company incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture exchange under the stock symbol "ADE". The principal head office of the Company is located at Suite 1402, 67 Yonge Street, Toronto, Ontario, Canada M5E 1J8.

The Company has interests in resource properties which it is in the process of exploring and developing and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on resource properties, including deferred exploration expenditures, is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company is a going concern which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. Successful development of the Property is subject to several factors including raising additional equity and debt. The availability of such additional funds is not assured and, if available, the terms thereof are not yet determinable. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the exploration and development of its properties and/or the realization of proceeds from the sale of one or more of its properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS")

2011 is the first annual period the Company has presented it's financial statements in accordance with International Financial Reporting Standards ("IFRS"). Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The disclosures required by the provisions of IFRS 1, "First-time adoption of International Financial Reporting Standards", explaining how the transition to IFRS has affected the reported financial performance, cash flows and financial position of the Company, are presented in note 13.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010.

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements. They also have been applied in preparing an opening IFRS

balance sheet at January 1, 2010 (note 12) for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1).

These unaudited condensed interim consolidated financial statements have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption by the Company as at August 16, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these unaudited condensed interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

Basis of presentation
These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The Company's presentation and functional currency is the Canadian dollar.

In the preparation of these unaudited condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Operating results for the period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2011.

Principles of consolidation
The unaudited condensed interim consolidated financial statements include the accounts of the Company's wholly owned subsidiary Adex Minerals Corp. ("AMC"). All inter-company accounts and transactions have been eliminated on consolidation.

Environmental expenditures
The operations of the Company may, in the future, be occasionally affected by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries. As at June 30, 2011, the Company has no environmental expenditures or known liabilities.

Government assistance and investment tax credits
Government assistance and investment tax credits are recorded as either a reduction of the cost of the applicable assets, or credited against the related expense incurred in the statement of operations, as determined by the terms and conditions of the agreements under which the assistance is provided to the Corporation or the nature of the expenditures which gave rise to the credits. Government assistance and investment tax credit receivables are recorded when their receipt is reasonably assured.

Property, plant & equipment
Property, plant & equipment is carried at cost, less accumulated amortization. Computer equipment comprises computer hardware is amortized on a straight-line basis over 24 months. Automobiles are amortized on a straight-line basis over 24 months. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Leases
Leases that transfer substantially all of the benefits and risks of ownership to the Company are accounted for at the commencement of the lease term as finance leases and recorded as assets at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with an offsetting liability. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Environmental rehabilitation
Provisions for environmental rehabilitation include decommissioning and restoration costs when the Company has an obligation to dismantle and remove infrastructure and residual materials as well as to restore the disturbed area. Estimated decommissioning and restoration costs are provided for in the accounting period when the obligation arising from the disturbance occurs based on the net present value of estimated future costs. The provision for environmental rehabilitation is reviewed and adjusted each period to reflect developments which could include changes in closure dates, legislation, discount rate or estimated future costs.

The amount recognized as a liability for environmental rehabilitation is calculated as the present value of the estimated future costs determined in accordance with local conditions and requirements. An amount corresponding to the provision is capitalized as part of property, plant and equipment and is depreciated over the life of the corresponding asset. The impact of amortization or unwinding of the discount rate applied in establishing the net present value of the provision is recognized in financing expense. The applicable discount rate is a pre-tax rate that reflects the current market assessment of the time value of money which is determined based on government bond interest rates and inflation rates.

Changes to estimated future costs are recognized in the consolidated statements of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16, “Property, Plant and Equipment”. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying amount is taken immediately to the income statement.

If the change in estimate results in an increase in the rehabilitation provision and therefore an addition to the carrying amount of the asset, the entity is required to consider whether the new carrying amount is recoverable, and if this is an indication of impairment of the asset as a whole. If indication of impairment of the asset as a whole exists, the Company tests for impairment in accordance with IAS 36, “Impairment of Assets”. If the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to the income statement. For closed sites, changes to estimated costs are recognized immediately in the income statement. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated cost of outstanding rehabilitation work at each statement of financial position date and any increase in overall cost is expensed.

No amount has been recorded in these unaudited condensed interim consolidated financial statements for future site cleanup, reclamation or remediation obligations for the Company’s mineral exploration activities as no such obligations have yet been incurred.

Impairment of non-financial assets
The Company assesses the carrying amount of non-financial assets including property, plant and equipment at each reporting date to determine whether there is any indication of impairment. Internal factors, such as budgets and forecasts, as well as external factors, such as expected future prices, costs and other market factors are also monitored to determine if indications of impairment exist.

An impairment loss is the amount equal to the excess of the carrying amount over the recoverable amount. The recoverable amount is the higher of value in use (being the net present value of expected pre-tax future cash flows of the relevant asset) and fair value less costs to sell the asset. The best evidence of fair value is a quoted price in an active market or a binding sale agreement for the same or similar asset. Where neither exists, fair value is based on the best information available to estimate the amount the Company could obtain from the sale of the asset in an arm’s length transaction. This is often accomplished by using a discounted cash flow technique.

Impairment is assessed at the cash-generating unit (CGU) level. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or group of assets. The assets of the corporate head office are allocated on a reasonable and consistent basis to CGUs or groups of CGUs. The carrying amounts of assets of the corporate head office that have not been allocated to a CGU are compared to their recoverable amounts to determine if there is any impairment loss.

If, after the Company has previously recognized an impairment loss, circumstances indicate that the fair value of the impaired assets is greater than the carrying amount, the Company reverses the impairment loss by the amount the revised fair value exceeds its carrying amount, to a maximum of the previous impairment loss. In no case shall the

revised carrying amount exceed the original carrying amount, after depreciation or amortization, that would have been determined if no impairment loss had been recognized. An impairment loss or a reversal of an impairment loss is recognized in cost of sales, or administrative expense, depending on the nature of the asset.

Exploration and evaluation expenditures
The Company capitalizes exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Provisions
A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at June 30, 2011, December 31, 2010 and January 1, 2010.

Stock based compensation
The Company uses the fair value method of accounting for stock based compensation to employees, directors and non-employees. The compensation cost for options granted is determined based on the estimated fair value of the stock options at the time of the grant using the Black-Scholes option pricing model and is amortized over the vesting period with an offset to contributed surplus. When options are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital.

Flow-through shares
Proceeds from the issuance of flow-through shares are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares.

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting for income taxes, the deferred income tax liability related to the temporary difference arising at the earlier of renunciation and when the qualifying expenditures are incurred, are recorded at that time together with a corresponding reduction to the carrying value of the shares issued.

Income taxes
The income tax expense or benefit for the reporting period consists of two components: current and deferred taxes.

The current income tax payable or recoverable is calculated using the tax rates and legislation that have been enacted or substantively enacted at each reporting date in each of the jurisdictions and includes any adjustments for taxes payable or recoverable in respect of prior periods.

Current tax assets and liabilities are offset when they relate to the same jurisdiction, the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are determined using the statement of financial position liability method based on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. In calculating the deferred tax assets and liabilities, the tax rates used are those that have been enacted or substantively enacted by each reporting date in each of the jurisdictions and that are expected to apply when the assets are recovered or the liabilities are settled. Deferred income tax assets and liabilities are presented as non-

current.

Deferred tax liabilities are recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences with the exception of the following items:

- Temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the Company is able to control the timing of the reversal of temporary differences and such reversals are not probable in the foreseeable future;
- Temporary differences associated with goodwill;
- Temporary differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and has no impact on either accounting profit or taxable profit; and
- Deferred tax assets are only recognized to the extent that it is probable that sufficient taxable profits exist in future periods against which the deductible temporary differences can be utilized.

The probability that sufficient taxable profits exist in future periods against which the deferred tax assets can be utilized is reassessed at each reporting date. The amount of deferred tax assets recognized is adjusted accordingly.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and where the Company has the legal right to offset them.

Current and deferred taxes that relate to items recognized directly to equity are also recognized in equity. All other taxes are recognized in income tax expense in the consolidated statements of loss and comprehensive loss.

Loss per share
Basic loss per share amounts are calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury method, which assumes that all outstanding stock option grants and warrants are exercised, if dilutive, and the assumed proceeds are used to purchase the Company's common shares at the average market price during the period.

Cash and cash equivalents
Cash and cash equivalents represent cash and short-term deposits with original maturity dates of less than three months or which are readily convertible into known amounts of cash. Cash and cash equivalents at June 30, 2011 consists of bank deposits and a short term guaranteed investment certificate. Cash and cash equivalents as at June 30, 2011 includes cash equivalents of $9,317,881 (June 30, 2010 $925,245).

Comprehensive income
Comprehensive income is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income, and this standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize into net earnings. Comprehensive income, and its components, are required to be presented in a separate financial statement that is displayed with the same prominence as the other financial statements. The Company had no comprehensive income or loss transactions, other than its net loss which is presented in the Consolidated Statements of Loss, Comprehensive Loss and Deficit, and did not accumulate other comprehensive income during the periods that have been presented. Accordingly a statement of comprehensive income has not been presented.

Use of estimates and assumptions
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures made in the unaudited condensed interim consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's historical experience, best knowledge of current events and conditions and activities that may be undertaken in the future. Items requiring estimates include evaluation of impairment of long lived assets, amortization of property, plant and equipment, environmental rehabilitation provisions, contingent liabilities, warrant valuation, common stock option valuation and amortization of bond premium. Actual results could differ from these estimates.

Critical accounting estimates and judgments

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following: the recoverability of amounts receivable that are included in the unaudited interim consolidated statements of financial position; the inputs into the determination of impairment of non-financial assets; the inputs used in accounting for share based payment transactions in statement of loss and comprehensive loss; Management's assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the period; and Management's position that there are no income tax considerations required within these unaudited condensed interim consolidated financial statements, of the deferred income tax associated with Flow-through shares issued.

Financial instruments

Financial instruments are measured at their fair values on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for financial assets classified as held-to-maturity or loans and receivables and other financial liabilities, which are measured at cost or amortized cost using the effective interest rate method.

The Company has made the following classifications:

- Cash and cash equivalents and committed cash are classified as held-for-trading and are measured at fair value. Gains and losses resulting from their periodic revaluation are recorded in net income.
- Receivables are classified as loans and receivables and are recorded at amortized cost, which upon their initial measurement is equal to their fair values. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The Company's financial assets and liabilities recorded at fair value on the consolidated statement of financial position have been categorized into three categories based on a fair value hierarchy. Fair value of assets and liabilities included in Level I is determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data.

Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading. Transaction costs for financial assets classified as available-for-sale are added to the value of the instruments at acquisition. Transaction costs related to other financial liabilities are added to the value of the instrument at acquisition and recorded in net income (loss) using the effective interest rate method.

Recent accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the quarter ended June 30, 2011, and have not been applied in preparing these unaudited condensed interim consolidated financial statements. The following standards and interpretations have been issued by the IASB and the IFRIC Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

International Accounting Standards		Effective Date
IAS 12 – Income taxes	In December 2010, IAS 12 Income Taxes was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes – recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.	January 1, 2012

IFRS 9 - Financial Instruments	In November 2009, as part of the International Accounting Standards Board's (IASB) project to replace International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.	January 1, 2013
IFRS 10 - Consolidation	IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.	January 1, 2013
IFRS 11 – Joint Arrangements	IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions.*	January 1, 2013
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 statement of financial position 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.	January 1, 2013
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.	January 1, 2013
IAS 27 – Separate Financial Statements	As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures	As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.	January 1, 2013

IAS 1 – Presentation of Financial Statements	The IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss.	January 1, 2013

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

3. COMMITTED CASH

On December 30, 2009, the Company completed a private placement of 8,408,665 flow-through units at a price of $0.12 per unit for gross proceeds of $1,009,040. The financing resulted in the issuance of 8,408,665 flow-through common shares and 4,204,332 non flow-through warrants. The proceeds of the common shares were renounced as flow-through eligible Canadian Exploration Expenses ("CEE") valued at $1,008,199. These funds were committed to be expended on CEE and, as such, were not available for general working capital purposes. As at December 31, 2010, the Company had expended all of these committed funds.

4. RECLAMATION BONDS AND ASSET RETIREMENT OBLIGATIONS

The land on which the Mount Pleasant property is located includes a dormant mine. The Company is obliged to comply with an environmental reclamation plan which is in effect for the property. This obligation is secured by a collateral mortgage to the Province of New Brunswick for $2 million on 22 hectares of land on which the mine site and primary buildings are located.

Reclamation bonds consist of Province of New Brunswick, 8.5% bonds maturing June 28, 2013. The bonds are pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine shafts. The bonds are held for the benefit of the Company, and interest is paid bi-annually, as long as the Company continues to treat the acid water run-off appropriately. Interest is held on deposit by, and is disbursed at the discretion of, the Ministry of Finance of the Province of New Brunswick.

The Company's Mount Pleasant property is governed by an Approval to Operate, which was granted by the New Brunswick Ministry of Environment in November 2007 and is valid until September 2012. Under the terms of the Approval to Operate, the Company has been granted permission by the Ministry of Environment to operate the Property, Tailings Impoundment Facility and Mine Water Treatment Plant on a "Care and Maintenance" basis. However, the Company is required to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and the Company provides the Ministry of Environment with monthly water quality monitoring reports and the results of its monthly water sampling and testing.

Under the Approval to Operate, the Company is permitted to carry out exploration activities and metallurgical test work on its Mount Pleasant property. Consequently, the current security posted with the Province of New Brunswick is sufficient for the Company to continue exploration activities and metallurgical test work at the Property. However, the Company may face a review of its posted security by the Ministry of Environment when the Company advances to feasibility studies on its mineral deposits or commences the dewatering of its past-producing underground tungsten mine located on the Mount Pleasant property. Dewatering activities may also trigger a provincial Environmental Impact Assessment ("EIA") and may require the Company to upgrade its current Mine Water Treatment Plant. The Company will, therefore, enter into direct consultations with the provincial Ministry of Environment prior to initiating feasibility or dewatering activities, in order to ascertain any changes that may be required with respect to the existing security, or any obligations that may arise under a EIA.

5. EXPLORATION AND EVALUATION

Mount Pleasant Property, New Brunswick	Exploration & development $	Tailings impoundment facility upgrade $	Total $
Balance, December 31, 2009	5,891,902	629,777	6,521,679
Additions	2,060,058	11,300	2,071,358
NRC-IRAP funding	(227,246)	-	(227,246)
Balance, December 31, 2010	7,724,715	641,077	8,365,792
Additions	672,343	-	427,540
NRC-IRAP funding	(20,754)	-	(20,754)
Balance, June 30, 2011	8,376,304	641,077	9,017,381

The Company holds a 100% interest in the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area. Within the mineral rights area, the Company owns approximately 405 hectares of land. Current year expenditures to March 31, 2011 are expenses related to the current mine development program. Tailings Impoundment Facility expenditures to date relate to the repair and rehabilitation of the Mount Pleasant Tailings Impoundment Facility in order to comply with government regulations, and in anticipation of future production requirements.

The Company has received funding by The National Research Council of Canada – Industrial Research Assistance Program ("NRC-IRAP") related to its zinc-indium hydrometallurgical flowsheet pilot program. NRC-IRAP provides funding to a maximum of $248,000. The Company has recognized $20,754 in funding for the six months ended June 30, 2011(nil for the six months ended June 30, 2010). The full project funding has been paid to June 30, 2011.

6. PROPERTY PLANT AND EQUIPMENT

Cost	Computer equipment $	Automobiles $
Balance as at January 1, 2010	8,154	16,654
Additions	47,949	-
Balance as at December 31, 2010	56,103	16,654
Additions	2,966	12,000
Balance as at June 30, 2011	59,069	28,654

Accumulated depreciation	Computer equipment $	Automobiles $
Balance as at January 1, 2010	5,381	16,365
Depreciation for the year	4,771	289
Balance as at December 31, 2010	10,152	16,654
Depreciation for the period	14,321	3,000
Balance as at June 30, 2011	24,473	21,154

Carrying amounts	Computer equipment $	Automobiles $
As at January 1, 2010	2,773	289
As at December 31, 2010	45,951	-
As at June 30, 2011	34,596	7,500

For the six months ended June 30, 2011, the amount of amortization charged to mineral property expense is $15,225 ($289 for the six months ended June 30, 2010).

7. EQUIPMENT UNDER CAPITAL LEASE

The following is an analysis of equipment under capital lease:

As at	**March 31 2011**	December 31 2010
	$	$
Equipment (cost)	**75,482**	75,482
Accumulated amortization	**(48,870)**	(31,451)
	26,612	44,031

The equipment under the capital lease is amortized on a straight-line basis over its economic life of 3 years. For the six months ended June 30, 2011, the amount of amortization charged to mineral property expense is $17,419 ($18,871 for the six months ended June 30, 2010).

8. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at June 30, 2011, the Company had 177,211,441 common shares issued and outstanding.

	Number of shares	Amount $
Balance, December 31, 2009	96,526,026	40,262,492
Issuance of common shares (note a)	40,000,000	4,800,000
Allocation to warrants	-	(680,000)
Share issue expense	-	(497,338)
Compensation unit options exercised (note b)	554,166	98,133
Balance, December 31, 2010	137,080,192	43,983,287
Compensation unit options exercised (note c)	131,249	44,449
Series A Warrants exercised (note d)	40,000,000	7,141,600
Balance, June 30, 2011	177,211,441	51,169,336

(a) On October 19, 2010 the Company completed a private placement (the "Private Placement") transaction with Great Harvest Canadian Investment Company Limited ("Great Harvest") of 40,000,000 units (the "Units") at a price of $0.12 per unit, with each Unit consisting of one common share of Adex and one common share purchase warrant (a "Series A Warrant"), raising gross proceeds of $4.8 million. Each Series A Warrant entitles the holder thereof to acquire one common share at a price of $0.18 at any time prior to the earlier of (i) October 19, 2011, and (ii) the 30th day following the delivery a definitive feasibility study ("DFS") on the either or both of the North Zone or the Fire Tower Zone of the Property.

Other transactions contemplated in the Private Placement agreement with Great Harvest include requiring Great Harvest, subject to (i) the results of the DFS being satisfactory to Great Harvest and (ii) the then capital requirements of the Company as determined at the relevant time by the board of directors of the Company, to provide or arrange for the provision to the Company of loan facilities (the "Facilities") in an aggregate amount of up to $50,000,000 to be used for the commercial development of the Property, on such terms and conditions as may be agreed upon between the Company and the relevant financier(s). If an aggregate minimum of $10 million of the Facilities are made available to be drawn down by the Company within 180 days of the delivery to Great Harvest of the report of the results of the Feasibility Study, Great Harvest will have the right (the "Share Purchase Right") to purchase, within 40 days of the Facilities being available to be drawn down by the Company, 1.2 common shares for each dollar of the facilities made available to be drawn down by the Company within one year of the completion of the Feasibility Study. The exercise price per common share pursuant to the Share Purchase Right will be equal to the volume weighted average trading price of the common shares on the TSX Venture Exchange (the "TSXV") for the five trading days ending the day immediately prior to the Facilities being available to be drawn down by the Company less the maximum discount there from permitted by the TSXV. The maximum number of common shares issuable pursuant to the Share Purchase Right is 60,000,000. The issuance of common shares pursuant to the exercise of the Share Purchase Right will be subject to further

approval of the TSXV to be obtained following the Share Purchase Right becoming exercisable.

In connection with the above Private Placement, the agent to the transaction, was (i) paid a cash finder's fee of seven percent of the gross proceeds, (ii) issued by the Company as an additional finder's fee 2,800,000 Series A Warrants (seven percent of the Series A Warrants comprising part of the Private Placement), and (iii) issued by the Company as an additional finder's fee 2,800,000 common share purchase warrants ("Series B Warrants") (seven percent of the number of Series A Warrants comprising part of the Private Placement). Each Series B Warrant entitles the holder to acquire one common share at an exercise price of $0.20 per common share until October 19, 2011, provided that (i) the Series B Warrants will only become exercisable when Series A Warrants are actually exercised, and (ii) the Series B Warrants will only be exercisable at any time to the extent of the number of Series B Warrants as is equal to 7% of the number of Series A Warrants comprising part of the Units which have been exercised at such time. In addition, the agent is entitled (i) to be paid by the Company a retainer of $144,000 payable in 12 equal monthly installments of $12,000, the first of which was paid on the closing of the Private Placement, (ii) to be paid an additional cash finder's fee equal to 7% of the gross proceeds realized by the Company on the exercise, if any, of the Series A Warrants comprising part of the Units issued pursuant to the Private Placement (a maximum of $504,000), and (iii) to be paid by the Company an additional cash finder's fee equal to 1.5% of the principal amount of each loan made available by Great Harvest or a third party financier arranged for by Great Harvest to be drawn down by the Company, to a maximum of $750,000.

(b) On December 14, 2010, 554,166 compensation unit options, with an assigned valuation of $31,633, were exercised, providing gross proceeds of $66,500. The compensation unit options exercised resulted in the issuance of 554,166 common shares and 554,166 half warrants, each full warrant being exercisable to purchase a common share at a price of $0.20 per share until December 30, 2011.

(c) On February 25, 2011, 131,249 compensation unit options were exercised, providing gross proceeds of $15,750. The compensation unit options exercised resulted in the issuance of 131,249 common shares and 65,624 warrants, each warrant being exercisable to purchase a common share at a price of $0.20 per share until December 30, 2011.

(d) On May 17, 2011, 40,000,000 Series A warrants were exercised, providing gross proceeds of $7,200,000 and resulting in the 2,800,000 Series B Warrants becoming exercisable to the agent to the Great Harvest financing, all as per the October 19, 2010 financing terms described above in "note c".

Contributed Surplus

	Amount $
Balance, December 31, 2009	1,779,255
Common share options expense	191,907
Balance, December 31, 2010	1,971,162
Common share options expense	49,945
Warrants issued per compensation unit exercise	(34,892)
Balance, June 30, 2011	1,986,215

Stock options

On February 4, 2010, the Company granted an aggregate of 1,750,000 common share options with an exercise price of $0.15 per common share to directors, officers and certain employees and consultants of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on February 3, 2015.

On June 22, 2010, the Company granted 200,000 common share options with an exercise price of $0.12 per common share to a director of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on June 22, 2015.

The following summary sets out the activity in outstanding common share stock options for the six months ended June 30, 2011:

	Options #	Weighted-average exercise price $
Outstanding, December 31, 2009	6,910,000	0.27
Issued February 4, 2010	1,750,000	0.15
Issued June 22, 2010	200,000	0.12
Outstanding, December 31, 2010 and June 30, 2011	8,860,000	0.24
Options exercisable at June 30, 2011	8,860,000	0.24

The weighted average fair value of the options issued February 4, 2010, $197,750, has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging of 2.43% and based on the full life of the option, expected dividend yield of nil, average expected forfeiture rate of nil, average expected volatility of 169.35% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years.

The weighted average fair value of the options issued June 22, 2010, $18,600, has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging of 2.65% and based on the full life of the option, expected dividend yield of nil, average expected forfeiture rate of nil, average expected volatility of 161.02% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years.

The details of stock options outstanding at June 30, 2011 are as follows:

Number of stock options	Number exercisable	Vesting term	Remaining contractual life	Exercise price per share	Expiry date
2,050,000	2,050,000	(1)	1.00 years	$0.30	June 29, 2012
1,370,000	1,370,000	(2)	1.00 years	$0.30	June 29, 2012
250,000	250,000	(2)	1.10 years	$0.40	August 2, 2012
140,000	140,000	(3)	1.15 years	$0.35	August 20, 2012
150,000	150,000	(2)	1.42 years	$0.45	November 28, 2012
50,000	50,000	(2)	1.59 years	$0.33	January 30, 2013
1,450,000	1,450,000	(2)	1.96 years	$0.30	June 11, 2013
1,450,000	1,450,000	(2)	2.83 years	$0.12	April 24, 2014
1,750,000	1,750,000	(2)	3.61 years	$0.15	February 23, 2015
200,000	200,000	(2)	3.99 years	$0.12	June 22, 2015
8,860,000	8,860,000				

Options that have been issued and remain outstanding vest in one of three ways: (1) immediately on date of grant; (2) over one year from the date of grant, in equal quarterly installments commencing three months following the date of grant; or (3) over a period of eighteen months in quarterly installments commencing three months following the date of grant of 12.5%, 12.5%, 25%, 25%, 12.5% and 12.5%.

The weighted average fair value of the options outstanding is $0.26 per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging from 1.21% to 4.70% and based on the full life of the option, expected dividend yield of nil, average expected forfeiture rate of nil, average expected volatility ranging from 69.47% to 169.35% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years. Under this method of calculation, the Company has recorded $41,216 as stock-based compensation, being the fair value of the options vested during the three month period ended March 31, 2011 ($61,698 for the three month period ended March 31, 2010).

Warrants

The following summary sets out the activity in outstanding common share purchase warrants for the period ended June 30, 2011:

Outstanding, December 31, 2009	4,204,332	$0.175 to $0.20
Issued	40,000,000	$0.18
Issued	2,800,000	$0.18
Issued	277,083	$0.20
Outstanding, December 31, 2010	47,281,415	$0.18 to $0.20
Issued	64,624	$0.20
Exercised	(40,000,000)	$0.18
Issued	2,800,000	$0.20
Outstanding, June 30, 2011	10,146,039	$0.18 to $0.20

The details of the Company's outstanding common share purchase warrants at June 30, 2011 are as follows:

Number of warrants	Remaining contractual life	Exercise price per share	Expiry date
2,800,000	0.55 years	$0.18	October 19, 2011
2,800,000	0.55 years	$0.20	October 19, 2011
4,204,332	0.75 years	$0.20	December 30, 2011
277,083	0.75 years	$0.20	December 30, 2011
64,624	0.75 years	$0.20	December 30, 2011
7,346,039			

Compensation unit options

On December 30, 2009, the Company completed a private placement resulting in the issuance of a finder's fee of 816,665 compensation unit options. At June 30, 2011, 131,250, compensation unit options remain outstanding and are exercisable until December 30, 2011 into one common share at a price of $0.12 per share, and one-half of one Warrant, with each full Warrant entitling the holder to purchase a common share at a price of $0.20 per share. The compensation units and warrants are measured at the exchange amount in the normal course of business.

The following summary sets out the activity in outstanding compensation unit options for the six months ended June 30, 2011:

Outstanding, December 31, 2009	816,665	$0.12
Exercised	(554,166)	$0.12
Outstanding, December 31, 2010	262,499	$0.12
Exercised	(134,249)	$0.12
Outstanding, June 30, 2011	131,250	$0.12

9. RELATED PARTY TRANSACTIONS

During the three and six month periods ended June 30, 2011, the Company incurred related party expenses of $46,000 and $87,700 respectively. ($43,500 and $87,000 respectively during the three and six month periods ended June 30, 2010). These expenses related to the payment of management fees to the Company's senior officers.

During the three and six month periods ended June 30, 2011, the Company incurred directors fees of $37,500 and $75,000 respectively. ($25,567 and $50,567 respectively during the three and six month periods ended June 30, 2010). These amounts were expensed in the period incurred as administrative and general expenses.

During the three and six month periods ended June 30, 2011, 2011, the Company incurred and paid technical and consulting fees of $35,550 and $39,150 respectively(nil for the three and six month periods ended June 30, 2010) to independent directors.

During the three months ended June 30, 2011, the Company paid a one time performance bonus of $100,000 (nil for the three months ended June 30, 2010) to an independent director.

During the three months ended June 30, 2011, the Company created a retirement allowance accrual of $525,000 (nil for the three months ended June 30, 2010) to be paid out to retiring senior personnel, pending the resolution of the terms of the retirement agreements.

These amounts were expensed in the period incurred as administrative and general expenses. There are no amounts payable to these related parties, excepting the retirement allowance, at June 30, 2011. The amounts paid and owing are in the normal course of business and are measured at the exchange amount, are non-interest bearing and due on demand.

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES

The Company has a contractual lease obligation related to its corporate premises that requires minimum total lease payments of $66,508 until September 2012. The following table demonstrates the outstanding yearly commitments.

	$
2011	27,654
2012	38,854
	66,508

The following is a schedule of future minimum lease payments under the capital lease expiring August 31, 2012 together with the balance of the obligation under capital lease.

	$
2011	13,394
2012	17,859
Total minimum lease payments	31,254
Amount representing interest at 7%	(1,324)
Balance of the obligation	29,930

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following five categories: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, including those held for sale on the consolidated balance sheet are classified into the following categories:

	June 30, 2011		December 31, 2010	
	Carrying value	**Fair Value**	Carrying value	Fair Value
	$	**$**	$	$
Held for trading [1]	**9,317,881**	**9,317,881**	3,698,193	3,698,193
Loans and receivables [2]	**132,278**	**132,278**	275,433	275,433
Held to maturity [3]	**854,437**	**854,437**	829,506	829,506
Other financial liabilities [4]	**1,508,788**	**1,508,788**	503,406	503,406

(1) Includes cash and cash equivalents.

(2) Includes accounts receivable and interest receivable.

(3) Reclamation bond

(4) Includes accounts payable, accruals and capital leases.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying value. All of the Company's instruments are classified as (1) in the fair value measurements hierarchy due to their short-term nature.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

(a) Market risk

(i)Commodity price risk
Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from revenue derived from forecast future sales of the metals it is exploring for. The Company does not manage commodity price risk through the use of derivative instruments.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

(iii) Sensitivity analysis
IFRS requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis provided discloses the effect on income at March 31, 2011 assuming that a reasonably possible change in the relevant risk variable has occurred at March 31, 2011 and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities (where available) or historical data.

The sensitivity analysis provided is hypothetical and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced as the Company's actual exposure to market rates may change. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in a particular value or cash flows may not be linear. In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Company.

The Company does not hold any investments subject to variable interest, therefore any changes in interest rates will not give rise to significant changes to the net loss.

The Company does not hold any foreign exchange, therefore any changes in foreign exchange rates will not give rise to significant changes to the net loss.

At June 30, 2011, a change in the value of tungsten, molybdenum, tin, indium or zinc would not change the recognized value of any of the Company's financial instruments.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amounts of financial assets recorded in the financial statements are adjusted for any impairment and represent the Company's maximum exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the closing price.

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain adequate levels of funding to support evaluation and development projects, to expand regional exploration activities within the Property and to maintain corporate and administrative functions.

The Company manages its capital structure in a manner that provides sufficient funding for project evaluation and development and operational activities. Funds are primarily secured through the issue and sale of common shares. There can be no assurances that the Company will be able to continue to provide adequate funds in this manner.

The Company maintains minimal surplus capital and therefore does not have significant non-cash investments. All working capital for immediate needs is invested in liquid and highly rated financial instruments, such as money market funds with major Canadian financial institutions.

13. CONVERSION TO IFRS

(i) Overview

As stated in Summary of Significant Accounting Policies note 2, these are the Corporation's first financial statements prepared in accordance with IFRS 1 and IAS 34 as issued by the IASB.

The policies set out in the Summary of Significant Accounting Policies section have been applied in preparing the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2011 and in the preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company's Transition Date).

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

IFRS 1 requires certain mandatory exceptions from full retrospective application of all accounting standards effective at the transition date. The following mandatory exceptions were applicable to the Company at the transition date.

- 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 GAAP, unless there is objective evidence that those estimated were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

The Corporation has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Corporation's Transition Date.

- IFRS 1 provides the option to measure property, plant and equipment, including evaluation and exploration costs, at deemed cost being the fair value of the asset at the date of transition. The Company has elected to measure items of property, plant and equipment, including evaluation and exploration costs, at historical cost, less depreciation if any.

- To apply the transition provisions of IFRIC 4 Determining whether an Arrangement Contains a Lease, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date.

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

The Corporation's Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited statements of financial position in these condensed interim consolidated financial statements.

(iii) Changes to accounting policies on adoption of IFRS

The Corporation has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on December 31, 2011 (see Note 2), the Corporation's first annual IFRS reporting date. The changes to its accounting policies as a result of adopting IFRS have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within these financial statements.

The following summarizes the significant changes to the Corporation's accounting policies on adoption of IFRS.

(a) Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Corporation's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed interim consolidated financial statements.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Corporation's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed interim consolidated financial statements.

(c) Exploration and evaluation expenditures

On transition to IFRS, the Corporation elected to capitalize exploration and evaluation expenditures as incurred. Previously, the Corporation's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred. There is no impact on the unaudited condensed interim consolidated financial statements.

(d) Flow-through shares

Proceeds from the issuance of flow-through shares are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the market value of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and is then recognized in operations in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance.

Previously, the Corporation's Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow-through shares. This resulted in the Corporation reducing the net proceeds of the flow-through share issuance by the future tax liability of the Corporation resulting from the renunciation of the exploration and development expenditures in favour of the flow-through share subscribers.

(e) Stock-based compensation

Under IFRS, the Company moved from straight-line to graded vesting as well as to estimating forfeitures for the recognition of share-based compensation expense. The graded vesting requires a greater portion of expense to be recorded in the initial periods compared to distributing the expense equally over all vesting periods under the straight-line method.

(iv) Presentation

Certain amounts in the unaudited interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

(v) Reconciliation between IFRS and Canadian GAAP

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

	January 1, 2010		
	Canadian GAAP	**Effect of Transition to IFRS**	**IFRS**
	$	**$**	**$**
Assets			
Current			
Cash and cash equivalents	1,758,924	-	**1,758,924**
Committed cash	1,008,199	-	**1,008,199**
Accounts receivable	66,979	-	**66,979**
Prepaid expenses	54,329	-	**54,329**
Interest receivable	32,392	-	**32,392**
	2,920,823	-	**2,920,823**
Mineral properties	6,521,680	-	**6,521,680**
Reclamation bonds	780,103	-	**780,103**
Equipment under capital lease	69,192	-	**69,192**
Property, plant & equipment	3,061	-	**3,061**
	10,294,859	-	**10,294,859**
Liabilities			
Current			
Accounts payable & accruals	295,880	-	**295,880**
Current portion of capital lease	22,970	-	**22,970**
	318,850	-	**318,850**
Deferred income tax liability(note d)	-	1,002,050	**1,002,050**
Capital lease obligation	42,028	-	**42,028**
	360,878	1,002,050	**1,362,928**
Shareholders' equity			
Share capital (note d)	41,922,540	(167,332)	**41,755,208**
Financing costs (note d)	(2,790,095)	1,297,378	**(1,492,717)**
Contributed surplus (note e)	1,764,030	15,225	**1,779,255**
Warrants	272,731	-	**272,731**
Compensation unit options	67,375	-	**67,375**
Deficit (note d)	(31,302,601)	(2,147,321)	**(33,449,922)**
	9,933,981	(1,002,050)	**8,931,931**
	10,294,859	-	**10,294,859**

The June 30, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	June 30, 2010		
	Canadian GAAP $	Effect of Transition to IFRS $	IFRS $
Assets			
Current			
Cash and cash equivalents	925,245	-	925,245
Committed cash	435,117	-	435,117
Accounts receivable	120,466	-	120,466
Prepaid expenses	66,069	-	66,069
Interest receivable	33,497	-	33,497
	1,580,394	-	1,580,394
Mineral properties	7,094,531	-	7,094,531
Reclamation bonds	804,496	-	804,496
Equipment under capital lease	56,612	-	56,612
Property, plant & equipment	1,386	-	1,386
	9,537,419	-	9,537,419
Liabilities			
Current			
Accounts payable & accruals	192,355	-	192,355
Current portion of capital lease	25,843	-	25,843
	218,198		218,198
Deferred income tax liability (note d)	-	1,002,050	**1,002,050**
Capital lease obligation	27,871	-	**27,871**
	246,069	1,002,050	**1,248,119**
Shareholders' equity			
Share capital (note d)	41,922,540	(167,332)	**41,755,209**
Financing costs (note d)	(2,790,095)	1,297,378	**(1,492,717)**
Contributed surplus (note e)	1,884,451	37,763	**1,922,214**
Warrants	272,731	-	**272,731**
Compensation unit options	67,375	-	**67,375**
Deficit (note d)	(32,065,653)	(2,169,859)	**(34,235,512)**
	9,291,350	(1,002,050)	**8,289,300**
	9,537,419	-	**9,537,419**

The December 31, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	December 31, 2010		
	Canadian GAAP $	**Effect of Transition to IFRS $**	**IFRS $**
Assets			
Current			
Cash and cash equivalents	3,698,193	-	**3,698,193**
Committed cash	-	-	**-**
Accounts receivable	241,271	-	**241,271**
Prepaid expenses	109,527	-	**109,527**
Interest receivable	34,162	-	**34,162**
	4,083,153	-	**4,083,153**
Mineral properties	8,365,792	-	**8,365,792**
Reclamation bonds	829,506	-	**829,506**
Property, plant & equipment	45,951	-	**45,951**
Equipment under capital lease	44,031	-	**44,031**
	13,368,433	-	**13,368,433**
Liabilities			
Current			
Accounts payable & accruals	461,377	-	**461,377**
Current portion of capital lease	24,629	-	**24,629**
	486,006		**486,006**
Deferred income tax liability (note d)	-	1,002,050	**1,002,050**
Capital lease obligation	17,400	-	**17,400**
	503,406	1,002,050	**1,505,456**
Shareholders' equity			
Share capital (note d)	46,140,673	(167,332)	**45,973,341**
Financing costs (note d)	(3,287,432)	1,297,378	**(1,990,054)**
Contributed surplus (note e)	1,992,627	(21,465)	**1,971,162**
Warrants	1,014,417	-	**1,014,417**
Compensation unit options	21,656	-	**21,656**
Deficit (note d)	(33,016,914)	(2,110,631)	**(35,127,545)**
	12,865,027	(1,002,050)	**11,862,977**
	13,368,433	-	**13,368,433**

The Canadian GAAP interim consolidated statement of loss and comprehensive loss for the six month period ended June 30, 2010 has been reconciled to IFRS as follows:

	Six months ended June 30, 2010		
	Canadian GAAP $	**Effect of Transition to IFRS $**	**IFRS $**
Expenses			
Administrative and general	510,121	-	510,121
Mineral property expenses	136,801	-	136,801
Stock based compensation (note e)	120,421	22,538	**142,959**
Depreciation	1,387	-	1,387
Interest earned on funds on deposit	(5,678)	-	(5,678)
	763,052	22,538	**785,590**
Net loss and comprehensive loss	(763,052)	-	**(785,590)**
Deficit, beginning of the period	(31,302,601)	-	**(31,302,601)**
Deficit, end of the period	(32,065,653)	22,538	**(32,088,19100)**

The Canadian GAAP interim consolidated statement of loss and comprehensive loss for the year ended December 31, 2010 has been reconciled to IFRS as follows:

	Year ended December 31, 2010		
	Canadian GAAP $	**Effect of Transition to IFRS $**	**IFRS $**
Expenses			
Administrative and general	1,222,266	-	**1,222,266**
Mineral property expenses	270,030	-	**270,030**
Stock based compensation (note e)	228,597	(36,690)	**191,907**
Depreciation	2,773	-	**2,773**
Interest earned on funds on deposit	(9,353)	-	**(9,353)**
	1,714,313	(36,690)	**1,677,623**
Net loss and comprehensive loss	(1,714,313)	36,690-	**(1,677,623)**
Deficit, beginning of the period	(31,302,601)	(2,147,321)	**(33,449,922)**
Deficit, end of the period	(33,016,914)	(2,110,631)	**(35,127,545)**

(vi) Cash flows

There was no change to total cash flows from operating, investing or financing activities under IFRS those under Canadian GAAP.

14. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current presentation.