CASCADERO COPPER CORP.

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April 29, 2011

BY SEDAR

NOTICE TO READER

To the Shareholders of
Cascadero Copper Corporation

The attached financial statements have been prepared by Management of Cascadero Copper Corporation and have not been reviewed by the auditor of Cascadero Copper Corporation.

Yours truly,

CASCADERO COPPER CORPORATION

"Bill McWilliam"

President & CEO

CASCADERO COPPER CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended

FEBRUARY 28, 2011

(Unaudited)

CASCADERO COPPER CORPORATION
BALANCE SHEETS
AS AT FEBRUARY 28, 2011
(Unaudited – Prepared by Management)

	Feb 28, 2011	Nov 30 2010
ASSETS		
Current		
Cash and equivalents	$ 376,489	$ 181,339
GST receivable	62,634	31,675
Advances receivable to a related company (Note 6)	675,160	665,066
	1,114,283	878,080
Long Term Investment	(234,292)	45,894
Mineral Properties	9,888,646	9,709,594
Equipment	8,075	9,067
	10,776,712	10,642,635
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	25,518	$ 18,297
Accrued liabilities	204,230	204,230
Due to related company	257,340	257,340
	487,088	479,867
Shareholders' equity		
Share capital	14,628,434	$14,123,434
Treasury shares (Note 9 iv)	(1,091,616)	(625,543)
Contributed surplus	3,018,478	3,018,478
Deficit	(6,265,672)	(6,353,601)
	10,289,624	10,162,768
	10,776,712	10,642,635

Nature of operations (Note 1)
Commitments and contingent liability (Note 10)
Subsequent events (Note 11)

On behalf of the Board:

"Bill McWilliam" Director *"Michael Denega"* Director

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

CASCADERO COPPER CORPORATION
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE THREE MONTHS ENDED FEBRUARY 28
(Unaudited – Prepared by Management)

	February 28, 2011	February 29, 2010
REVENUE		
Interest	$ 467	$ 832
Unrealized gain on treasury shares	466,072	-
	466,539	832
EXPENSES		
Amortization	994	681
Accounting and audit	3,750	1,400
Bank charges and interest	2,620	1,067
Consulting	-	19,260
General and administrative	32,448	31,181
Management fees	40,000	40,000
Filing fees	5,510	16,240
Rent and parking	4,475	2,931
Telephone	6,468	2,243
Shareholder info/investor relations	2,159	-
SESA Holdings equity interest	280,186	79,908
	378,610	194,911
Income (loss) before other items	87,929	(194,079)
Retained earnings (deficit), beginning of year	(6,353,601)	(4,956,953)
Retained earnings (deficit), end of year	(6,265,672)	(5,151,032)
Basic and diluted earnings (loss) per common share	(0.00)	(0.002)
Number of common shares outstanding	105,469,612	96,943,278

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

CASCADERO COPPER CORPORATION
STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED FEBRUARY 28
Unaudited – Prepared by Management

	February 28, 2011		**November 30, 2010**	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Share Capital				
Balance at the beginning of the year	102,944,612	$ 14,123,434	97,994,612	$ 13,628,434
Common shares issued for cash				
Private placements (flow through)	2,525,000	505,000	4,000,000	400,000
Exercise of warrants			950,000	95,000
Share issue costs	-	-	-	-
Balance at the end of the year	105,469,612	$ 14,628,434	102,944,612	$ 14,123,434
Contributed surplus				
Balance at the beginning of the year		3,018,478		2,919,334
Stock-based compensation expense		-	-	-
Transfer as per options cancelled and shares sold		-	-	99,144
Balance at the end of the year		3,018,478		3,018,478
Treasury Shares				
Balance at the beginning of the year		(625,544)		(238,043)
Repayment of shares				(387,500)
		(625,544)		(625,543)
Deficit				
Balance at the beginning of the year		(6,353,601)		(4,956,954)
Net loss for the year		(378,143)		(1,396,647)
Balance at the end of the year		(6,731,744)		(6,353,601)
TOTAL SHAREHOLDERS' EQUITY	105,469,612	$ 10,289,624	102,944,612	$ 10,162,768

CASCADERO COPPER CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED FEBRUARY 28
(Unaudited – Prepared by Management)

	February 28 2011		February 28 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) from continuing operations	87,929	$	(194,079)
Items not affecting cash:			
Amortization	994		681
Equity loss of affiliates	280,186		79,908
Write up of treasury shares	(466,072)		-
	(96,963)		(113,490)
Changes in non-cash working capital items:			
(Increase) decrease in receivables	(30,959)		(4,151)
(Increase) decrease in advances to related parties	(10,095)		-
Increase (decrease) in accounts payable and accrued liabilities	7,220		72,349
Net cash provided by (used in) operating activities	(130,797)		(45,292)
CASH FLOWS FROM INVESTING ACTIVITIES			
Mineral property costs	(179,053)		20,102
Net cash provided by (used in) investing activities	(179,053)		20,102
CASH FLOWS FROM FINANCING ACTIVITIES			
Warrants exercised	-		10,000
Private placement	505,000		-
Net cash provided by (used in) financing activities	505,000		10,000
Change in cash and equivalents during the period	195,150		(15,190)
Cash and equivalents, beginning of period	181,339		1,123,525
Cash and equivalents, end of period	376,489		1,108,335

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Cascadero Copper Corporation ("Cascadero" or the "Company") was incorporated pursuant to the Alberta Business Corporations Act on October 30, 2003 and continued into the Province of British Columbia on June 3, 2004. The Company is engaged in the business of acquiring, exploring and developing mineral properties located primarily in Canada. The Company is considered to be in the development stage.

The Company is in the process of exploring and developing most of its mineral properties and has not yet determined whether the properties contain precious mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and the related deferred exploration costs are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition of the mineral properties.

These financial statements have been prepared on the basis of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. In making its assessment, management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as going concern as described in the following paragraph. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business.

The ability of the Company to continue operations is dependent upon the continued financial support of its shareholders, other investors and lenders, and the successful development of mineral properties in the future. The outcome of these matters cannot be predicted at this time. Since inception, the Company has incurred cumulative losses of $6,731,744 (2010: $5,151,032) and for the quarter ended February 28, 2011 had operating cash outflow from continuing operations of approximately $(130,797) (2010- $45,292). Management believes that the Company will be able to continue to raise additional funds and has prepared these financial statements on a going concern basis. Realization values may be substantially different from the carrying values as presented in the financial statements should the Company be unable to continue as a going concern. It is management's opinion that all adjustments considered necessary for fair presentation of the results for the years presented have been reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The significant accounting policies used in these financial statements are as follows:

a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of carrying values included mineral properties, rates of amortization, asset retirement obligations, fair values of share based payments, accrued liabilities, rates expected to apply when future income tax assets and liabilities are expected to be settled or recovered and the valuation allowance for future income tax asset. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Asset retirement obligations

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to change in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual results incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present the Company has determined that it has no material AROs to record in the financial statements.

c) Financial instruments

The Company classifies its cash as held-for-trading. Cash includes bank overdraft and term deposits.

The Company classifies its investments into held-to-trading or available-for-sale categories investments that are bought and held principally for the purpose of selling them in the near term are classified as held-for-trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Investments not classified as held-for-trading are classified as available-for-sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income (loss) and reported in shareholders' equity. The fair value of substantially all investments is determined by quoted market prices, except for those investments that do not have a quoted market price in an active market, which are measured at cost.

The Company classifies its advances due from affiliates as loans and receivable.

The Company classifies accounts payable and accrued liabilities and amounts due to related parties as other financial liabilities.

d) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the declining balance method at the following annual rates:

Computer equipment	45%
Furniture and fixtures	20%

Additions during the year are amortized pro-rata based on the annual amortization rate.

e) 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 resource 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 are in good standing.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

e) Mineral properties - continued

The Company capitalized all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property interest expense exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments of the Company's assessment of its ability to sell the property interest for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time, the Company may acquire or dispose of a mineral property interest, either by an option agreement or an acquisition agreement. As the consideration payable may consist of options, which are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations.

f) Revenue recognition

Revenues are recognized on the following bases:

(i) Interest income is recorded on an accrual basis at the stated interest rate over the term of the related instrument; and
(ii) Realized gains on investments are recorded upon disposal of the investment, on a trade date basis;

g) Financial instruments – disclosure and presentation, and Capital disclosures

(i) The CICA handbook The CICA handbook Section 1535, *Capital Disclosures,* which requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital including disclosures of any externaly imposed capital requirements and the consequences of non-compliance (Note 3).

(ii) The CICA handbook Section 3862, *Financial Instruments - Disclosure* requires disclosure of information related to the significance of financial instruments to a company's financial position and performance. It was amended to include disclosures about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company has adopted these amendments and the additional required disclosures are included in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

g) **Financial instruments – disclosure and presentation, and Capital disclosure** (continued)

(iii) The CICA handbook Section 3863, *Financial Instruments – Presentation,* which establishes standards for presentation of financial instruments. It deals with the presentation of financial instruments and the circumstances in which financial assets and financial liabilities are offset. The adoption of this standard did not have a material effect on the financial position or earnings of the Company

h) Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

i) Related party transactions

All monetary transactions in the normal course of operations are measured at the exchange value which is determined by management to approximate fair value. Non-monetary related party transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. The commercial substance requirement is met when the future cash flows associated with the transfer of property are expected to change significantly as a result of the transaction. All other related party transactions are recorded at the carrying value.

j) Earnings (loss) per share

Earnings (loss) per share are calculated using the weighted average number of shares outstanding.

The Company uses the treasury stock method for computing diluted earnings (loss) per share. This method assumes that any proceeds obtained upon exercise of options or warrants would be used to purchase common shares at the average market price during the period.

Diluted earnings (loss) per share are equal to loss per share as the effect of applying the treasury stock method is anti-dilutive.

k) Stock-based compensation

The Company reports and records all stock-based transactions following the guidelines of CICA Handbook Section 3870 using the fair-value method for recording all stock-based compensation to employees or directors and consultants. The fair value of options and other stock based awards to employees or consultants, issued or altered in the period, are determined using the Black-Scholes option pricing model. The Company records the fair value of the awards to the appropriate expense account or property interest at the time of grant or alteration. Where vesting provisions exist for stock-based awards, the fair value is determined at the grant date and recognized over the expected service period. Upon the exercise of stock options or agents' warrants, the fair value of the share based award is allocated to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

l) Long-lived assets and impairment

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

Assets with indefinite or indeterminable lives are not amortized and are reviewed for impairment on a reporting period basis using fair value determinations through management's estimate of recoverable value.

m) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantively assumed. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

n) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through common shares which transfer the tax deductibility of exploration expenditures to the holders of the flow-through common shares. Proceeds, net of issuance costs, received on the issuance of common shares are credited to share capital and the related exploration costs are deferred as mineral property costs. A future income tax liability is recorded on the date that the Company renounces the tax deductions to the holders of the flow-through common shares with a corresponding reduction of share capital.

o) Going concern - Section 1400, General Standards of Financial Statement Presentation

In June 2007, the CICA handbook Section 1400 was amended to include requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern.

p) Goodwill and Intangible Assets – Section 3064

In February 2008, the CICA issued this new section to replace Section 3062, *Goodwill and Other Intangible Assets* and establish standards for the recognition, measurement and disclosure of goodwill and intangible assets.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

q) New accounting standards not yet adopted

(i) Section 1582, Business Combinations
Section 1601, Consolidated Financial Statements
Section 1602, Non-controlling Interests

In January 2009, the CICA issued Handbook Sections 1582 Business Combinations, 1601 Consolidated Financial Statements, and 1602 Non-controlling Interests, which replaces 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 International Financial Reporting Standards. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning December 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted. The Company is in the process of assessing the impact of these new sections on its financial statements.

(ii) International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from GAAP will be required for publicly accountable enterprises effective for annual and interim financial statements relating to fiscal years beginning on or after January 1, 2011. The eventual changeover to IFRS represents changes due to new accounting standards. The transaction from current GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company is assessing the potential impact of this changeover and is developing its IFRS change plan, which will include project structure and governance, resourcing and training, analysis of key GAAP difference and a phase plan to assess accounting polices under IFRS as well as potential IFRS 1 exemption.

3. FINANCIAL INSTRUMENTS

A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Fair value

The carrying values of cash and cash equivalents, GST/HST receivable, advances receivable from a related company, accounts payable, accrued liabilities and amounts due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

b) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

c) Credit risk

The Company is not exposed to significant credit risk on its cash and investments due to cash and investments being placed with major financial institutions. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Management believes that the credit risk with respect to receivables is remote.

3. FINANCIAL INSTRUMENTS - continued

d) Currency risk

The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.

e) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, and cash and cash equivalent holdings. As the Company does not have operating cash flow and the Company has relied primarily on equity financings to meet its capital requirements.

f) Market risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is not exposed to market risk with its investments.

Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price at this time.

g) Capital management

The Company considers its capital structure to include working capital and shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

There were no changes in the Company's approach to capital management during the quarter ended February 28, 2011. The Company is not subject to externally imposed capital requirements

4. LONG TERM INVESTMENTS

In December 2008, the Company paid US$200,000 and TSX Venture Exchange approval was granted for the Company to issue 28,000,000 of its common shares with a fair value of $700,000 to Argentine Frontier Resources Inc. ("AFRI") for its 50% membership interest in SESA Holdings, LLC ("SESA"), a limited liability company formed under the laws of the State of Nevada, USA. SESA is the legal and/or beneficial holder of 100% of the issued and outstanding equity interest in Salta Exploraciones S.A. ("Salta") a company duly formed under the laws of Argentina which holds certain mineral rights and properties. The Company uses the equity method of accounting for its investment in SESA. The Company's long-term investments are as follows:

		Feb 28, 2011		Nov 30,2010
Acquisition cost of SESA Holdings LLC	$	**947,540**	$	947,540
Loss in SESA Holdings LLC		**(1,181,832)**		(901,646)
Carrying value of SESA Holdings LLC	$	**(234,292)**	$	45,894

5. MINERAL PROPERTIES

On July 14, 2004, mineral properties were acquired in accordance with the Property Transfer Agreement dated May 10, 2004 between Stealth Minerals Limited and Cascadero Copper Corporation. The Property Transfer Agreement provided that the purchase price for certain land mineral claims would be equal to 60% of the total mineral property costs incurred by Stealth Minerals Limited as at May 10, 2004. Accordingly, the Company acquired the mineral properties for $6,295,586 and issued 21,000,000 shares to Stealth Minerals Limited.

On January 26, 2006, the Company acquired certain additional mining claims from Stealth Minerals Limited for $150,000 and issued 1,000,000 shares to Stealth Minerals Limited as consideration.

On March 3, 2009, the Company and Gold Fields Toodoggone Exploration Corporation ("Gold Fields"), a wholly owned subsidiary of Gold Fields Netherlands Services BV and a member of the Gold Fields Limited group of companies, signed an Option and Joint Venture Exploration Agreement. The Option Agreement grants Gold Fields an option to acquire a 51% interest in Cascadero's Toodoggone property by incurring expenditures of at least CDN$5 million over a three year period. If Gold Fields acquires the 51% interest, it has the option to acquire an additional 24% interest in the property by spending an additional $15 million or funding the completion of a feasibility study.

The Option Agreement also provides that Gold Fields, or one of its affiliates, will subscribe for 500,000 units of Cascadero at a price of $0.10 per unit with each unit consisting of one share and one share purchase warrant that can be exercised for one additional common share of the Company at $0.12 per share for one year. If Gold Fields continues with the Option Agreement, it is required to invest a further $100,000 in Cascadero units on each of the first three anniversaries. During the year ended November 30, 2009, Gold Fields purchased the 500,000 units and exercised the 500,000 share purchase warrants. Cascadero paid a finder's fee of $7,500 to an arm's length party.

During the year ended November 30, 2010, Gold Fields opted to exercise a Force Majeure on the Toodoggone Option. As a result, it did not purchase any units of Cascadero during the year ended November 30, 2010. This Force Majeure was removed subsequent to year end, and Gold Fields subscribed to $100,000 in Cascadero's shares in March 2011.

Total costs included in mineral properties for 2011 and 2010 are as follows:

		Feb 28,2011		Nov 30,2010
Cost of acquiring property	**$**	**6,445,586**	$	6,445,586
Exploration costs consisting of drilling, geological and related costs		**3,443,060**		3,264,007
	$	**9,888,646**	$	9,543,974

Based upon knowledge of the industry, it is management's opinion that no permanent impairment in the value of the mineral property has occurred. Due to the intangible nature of the asset, measurement uncertainty exists. It is reasonably possible that the recognized amount could change by a material amount in the near term.

Contractual Commitments

The Company holds a 100% interest in 31,409.4 hectares in the Toodoggone River region of north central British Columbia all of which are subject to a net smelter return royalty agreement of 3% on production of all metal in favour of Electrum Resource Corp.

Stealth Mineral Limited has the right to buy down one third of the net smelter return royalty from 3% to 2% on all tenures for $2,000,000. In addition, Stealth Minerals Limited has the further right to buy down an additional one third of the net smelter return royalty on base metal and an additional one sixth on precious metal on three tenures aggregating 1,068.11 hectares for an additional $1,500,000.

Contractual Commitments - continued

Subject to Stealth Mineral Limited's execution of its first buy down right, the Company has the right to buy down an additional one third of the 3% net smelter return royalty or 1% applicable to base metal and an additional one sixth of the 3% net smelter return royalty or 0.5% applicable to precious metal on seventy-two tenures aggregating 30,341.2 hectares of an additional $1,500,000. If all applicable buy downs are completed, the net smelter return royalty in favour of Electrum Resource Corp. is 1% applicable to base metal and 1.5% applicable to precious metal.

The tenures are in good standing until December 31, 2012.

6. ADVANCES TO RELATED COMPANY

The Company is co-manager of SESA Holdings LLC (Nevada) which is a 50/50 Operating Joint Venture.

From July 1st 2010 to February 28th 2011, the Company advanced C$675,160 to the Joint Venture. These funds were subsequently transferred to SESA Holdings 100% owned subsidiary Salta Exploraciones SA in Salta City Republic of Argentina.

7. EQUIPMENT

	February 28, 2011		
	Cost	**Accumulate d Amortization**	**Net Carrying Amount**
Computer equipment	$ 35,767	$ 28,096	$ 7,671
Furniture and fixtures	591	186	405
	$ 36,358	**$ 28,282**	**$ 8,076**

	November 30,2010		
	Cost	Accumulated Amortization	Net Carrying Amount
Computer equipment	$ 35,767	$ 27,124	$ 8,643
Furniture and fixtures	591	167	424
	$ 36,358	$ 27,291	$ 9,067

8. SHARE CAPITAL

a) Authorized

Unlimited number of no par value common shares
Unlimited number of preferred shares

b) Issued and Outstanding Common Shares

Please refer to the Statement of changes in shareholders’ equity.

8. SHARE CAPITAL – continued

c) Stock Option Plan

The Company has a stock option plan for the benefit of directors, management and certain consultants of the Company. Under the plan, the Company may grant options for up to 20% of the issued common shares. The exercise price of each option may be discounted up to 25% from the market price of the Company's common shares on the date of grant and an option's maximum term is five years. There were no options granted during the quarter ended February 28, 2011.

The following table summarizes information about the Company's share options outstanding:

2011			2010		
Number of Options Outstanding	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life Years**	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
300,000	$0.40	3.08	300,000	$0.40	3.08
250,000	$0.30	3.08	250,000	$0.30	3.08
200,000	$0.20	3.08	200,000	$0.20	3.08
4,605,000	$0.15	2.32	4,605,000	$0.15	2.32
1,000,000	$0.12	4.96	1,000,000	$0.12	4.96
11,794,000	$0.10	3.09	11,794,000	$0.10	3.09
600,000	$0.18	3.00			
18,749,000	$0.14	3.00	18,149,000	$0.14	3.00

(d) Warrants

The following summarizes warrant activity during the first quarter ended February 28, 2011:

	2011		2010	
	Outstanding	**Weighted Average Exercise Price**	**Outstanding**	Weighted Average Exercise Price
Balance, beginning of the year	4,000,000	$0.120	19,500,000	$0.100
Increase (decrease):				
Warrants granted	1,262,500	$0.250	4,000,000	$0.120
Warrants expired			(18,550,000)	$0.100
Warrants exercised			(950,000)	$0.100
Balance, end of the year	5,262,500	$0.250	4,000,000	$0.120

9. RELATED PARTY TRANSACTIONS

a) During the quarter ended February 28, 2011, the Company had the following transactions with related parties:
   i. Incurred $15,000 in management fees to a director of the Company (2010: $15,000).
   ii. Reimbursed a director of the Company $11,760 (2010: $19,500) for amounts paid on the Company's behalf for office expenses, travel, telecommunications and vehicle expenses.
   iii. Incurred a $9,000 in office and administrative fees to the spouse of a director of the Company (2010: $6,000).
   iv. The Company owns 5,900,626 shares of Cascadero Copper which is noted in Treasury Shares. These shares are written up and down to market and during the quarter ended February 28, 2011 these shares were written up to market by $466,072 to the value of $1,091,616.

10. COMMITMENTS AND CONTINGENT LIABILITY

In order to meet its obligation to the holders of flow-through shares, the Company is committed to carry out approximately $1,610,875 (2009: $2,258,875) in exploration expenditures.

Canada Revenue Agency ("CRA") has disallowed certain exploration expenditures incurred by the Company as non-eligible exploration expenditures that do not qualify for transfer of the tax deduction to holders of the flow-through shares. In this connection, the Company has been assessed by CRA on Part XII.6 tax, in respect of certain flow-through shares issued in the 2004 taxation year, in the amount of $237,976 plus interest of approximately $12,024 for a total of $250,000. Of this total in tax and interest, the Company will not contest an amount of $164,230. Accordingly, this amount has been included in accrued liabilities in the Company's financial statements.

The balance of $85,770 in assessed Part XII.6 tax and interest is being formally contested by the Company as management disagrees with CRA's position on this amount. The outcome of this matter cannot be determined at this time. No provision has been made in these financial statements for this contingent liability.

11. SUBSEQUENT EVENTS

Subsequent to February 28, 2011:

a) The Company issued 400,000 units at $0.25 per share for gross proceeds of $100,000 to Gold Fields.

b) The Company granted 400,000 stock options to consultants. The options have an exercise price of $0.25 and expire on April 1, 2013.

c) The Company granted 850,000 stock options to directors. The options have an exercise price of $0.25 and expire on April 6, 2016

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.