Cadillac Ventures Inc.

Consolidated Financial Statements

Years Ended May 31, 2012 and May 31, 2011

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Cadillac Ventures Inc. (the "Company") are the responsibility of management and the Board of Directors.

The 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 consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, 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 them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the 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 consolidated financial statements and (ii) the 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 financial statements.

The Board of Directors is responsible for reviewing and approving the 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 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 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.

(signed) *'Norman Brewster"*
Norman Brewster
President and Chief Executive Officer

(signed) *"Leo O'Shaughnessy"*
Leo O'Shaughnessy
Chief Financial Officer

Toronto, Canada
August 2, 2012

McCarneyGreenwood

Independent Auditors' Report

To the Shareholders of
Cadillac Ventures Inc.

We have audited the accompanying consolidated financial statements of Cadillac Ventures Inc., which comprise the consolidated statements of financial position as at May 31, 2012, May 31, 2011 and June 1, 2010 and the consolidated statements of loss, comprehensive loss, changes in shareholders' equity and cash flows for the years ended May 31, 2012 and May 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

McCarney Greenwood LLP
Chartered Accountants
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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cadillac Ventures Inc. as at May 31, 2012, May 31, 2011 and June 1, 2010 and its financial performance and its cash flows for the years ended May 31, 2012 and May 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

"McCarney Greenwood LLP"

Toronto, Canada
August 2, 2012

McCarney Greenwood LLP
Chartered Accountants
Licensed Public Accountants

CADILLAC VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	May 31, 2012	May 31, 2011 (Note 19)	June 1, 2010 (Note 19)
	$	$	$
ASSETS			
Current assets			
Cash	**1,048,969**	242,900	136,670
Short-term investments (Note 5)	**30,000**	2,910,000	30,035
Accounts receivable and prepaids	**241,635**	830,599	403,596
Due from Minas de Aguas Tenidas, S.A.U. (Note 7)	**1,442,971**	-	-
Quebec refundable tax credits and mining duties refund receivable	**132,882**	159,513	159,513
Marketable securities (Note 6)	**62,500**	135,000	5,000
	2,958,957	4,278,012	734,814
Non-current assets			
Restricted cash (Note 10)	**400,000**	400,001	400,798
Equipment (Note 8)	**168,326**	215,121	279,463
Mining rights and deferred exploration expenditures (Note 9)	**20,045,784**	15,818,106	12,275,835
Total assets	**23,573,067**	20,711,240	13,690,910
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**1,620,501**	1,232,462	1,518,447
Non-current liabilities			
Decommissioning liability	**390,511**	390,511	390,511
	390,511	390,511	390,511
Total liabilities	**2,011,012**	1,622,973	1,908,958
SHAREHOLDERS' EQUITY			
Share capital (Note 11(b))	**27,375,817**	24,705,456	18,074,078
Reserves	**9,373,189**	8,364,556	3,699,565
Accumulated Deficit	**(15,186,951)**	(13,981,745)	(9,991,691)
Total shareholders' equity	**21,562,055**	19,088,267	11,781,952
Total liabilities and shareholders' equity	**23,573,067**	20,711,240	13,690,910

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

Nature of business and going concern (Note 1)
Commitments (Note 16)
Subsequent events (Note 20)

Approved by the Board:
"Norman Brewster", Director
"Maurice Stekel", Director

CADILLAC VENTURES INC.
CONSOLIDATED STATEMENTS OF LOSS
(Expressed in Canadian Dollars)

	Years ended May 31, 2012	Years ended May 31, 2011
		(Note 19)
	$	$
Expenses		
Stock-option compensation	**239,926**	399,784
Management and consulting fees (Note 18)	**985,527**	841,773
Shareholder relations	**87,524**	88,113
Legal and audit	**211,523**	200,848
Office and general	**266,199**	241,421
Travel	**105,645**	174,107
Accounting and corporate services	**92,248**	115,522
Advertising, promotions and investor relations	**132,382**	284,318
Exploration evaluation expenses	**198,463**	1,556,052
Foreign exchange	**17,447**	2,203
Flow-through charges	**28,308**	7,038
Amortization	**43,388**	51,417
	2,408,580	3,962,596
Net operating loss before the following	**(2,408,580)**	(3,962,596)
Gain on sale of MATSA Joint Venture Interest (Note 7)	**1,799,219**	
Interest and other income	**13,760**	34,731
Loss on sale of mining rights (Note 9(e))	**(482,105)**	-
Loss on sale of equipment	**-**	(32,189)
Unrealised loss on marketable securities	**(127,500)**	(30,000)
Net loss for the year	**(1,205,206)**	(3,990,054)
Basic and diluted loss per share (Note 14)	**(0.01)**	(0.04)
Weighted average number of shares outstanding	**116,179,924**	94,381,437

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

CADILLAC VENTURES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Years ended	
	May 31, 2012	**May 31, 2011**
		(Note 19)
	$	**$**
Net loss for the year	**(1,205,206)**	(3,990,054)
Other comprehensive loss		
Exchange differences on translating foreign operations	**(55,051)**	1,243
Comprehensive loss	**(1,260,257)**	(3,988,811)

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

CADILLAC VENTURES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital	Reserves: Warrants	Reserves: Contributed Surplus	Reserves: Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
Balance, June 1, 2010	**$ 18,074,078**	**$ 1,642,326**	**$ 2,057,239**	**$ -**	**$ (9,991,691)**	**$ 11,781,952**
Private placements	11,861,600	-	-	-	-	11,861,600
Share issuance costs	(966,258)	-	-	-	-	(966,258)
Warrants and compensation options issued	(4,234,525)	3,905,457	329,068	-	-	-
Stock-option compensation	-	-	399,784	-	-	399,784
Warrant extension	(29,439)	29,439	-	-	-	-
Warrant expiry	-	(961,765)	961,765	-	-	-
Exchange differences on translating foreign operations	-	-	-	1,243	-	1,243
Net loss for the year	-	-	-	-	(3,990,054)	(3,990,054)
Balance, May 31, 2011	**24,705,456**	**4,615,457**	**3,747,856**	**1,243**	**(13,981,745)**	**19,088,267**
Private placements	3,343,401	-	-	-	-	3,343,401
Share issuance costs	(323,604)	-	-	-	-	(323,604)
Warrants and broker warrants issued	(885,633)	885,633	-	-	-	-
Mineral property acquisition (Note 7(b))	436,822	-	-	-	-	436,822
Exercise of stock options	99,375	-	(61,875)	-	-	37,500
Warrant expiry	-	(710,000)	710,000	-	-	-
Stock-option compensation	-	-	239,926	-	-	239,926
Exchange differences on translating foreign operations	-	-	-	(55,051)	-	(55,051)
Net loss for the year	-	-	-	-	(1,205,206)	(1,205,206)
Balance, May 31, 2012	**$ 27,375,817**	**$ 4,791,090**	**$ 4,635,907**	**$ (53,808)**	**$ (15,186,951)**	**$ 21,562,055**

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

CADILLAC VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended May 31, 2012	May 31, 2011
		(Note 19)
	$	$
Cash provided by (used in) operating activities		
Net loss	**(1,205,206)**	(3,990,054)
Items not involving cash:		
Stock-option compensation	**239,926**	399,784
Amortization	**43,388**	51,417
Loss on sale of mining rights	**482,105**	-
Unrealized loss on marketable securities	**127,500**	30,000
Loss on sale of equipment	**-**	32,189
Gain on sale of MATSA Joint Venture Interest, Spain (Note 7)	**(1,799,219)**	-
Changes in non-cash working capital:		
Accounts receivable and prepaids	**588,964**	(427,003)
Quebec refundable tax credits and mining duties receivable	**26,631**	-
Accounts payable and accrued liabilities	**(54,932)**	(285,985)
	(1,550,843)	(4,189,652)
Cash provided by (used in) investing activities		
Expenditures on mineral properties	**(5,069,124)**	(3,702,271)
Redemption of short-term investments	**2,880,000**	-
Purchase of short-term investments	-	(2,879,965)
Acquisition of equipment	**-**	(65,640)
Proceeds from sale of equipment	**-**	47,619
Cash proceeds from Minas de Aguas, S.A. (Note 7)	**1,500,000**	-
Costs resulting from sale (Note 7)	**(11,262)**	-
	(700,386)	(6,600,257)
Cash provided by (used in) financing activities		
Issue of common shares	**3,380,901**	11,861,600
Share issuance costs	**(323,604)**	(966,258)
Restricted cash	**1**	797
	3,057,298	10,896,139
Net change in cash during the year	**806,069**	106,230
Cash, beginning of year	**242,900**	136,670
Cash, end of year	**1,048,969**	242,900
Supplement schedule of non-cash transactions		
Interest paid	**-**	-
Taxes paid	**-**	-
Shares issued upon acquisition and renewal of mining concessions	**436,822**	-
Shares received from sale of Cadillac's interest in Pickle Gold and Cadillac's New Alger Joint Venture Arrangement	**55,000**	160,000

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

1. NATURE OF BUSINESS AND GOING CONCERN

Cadillac Ventures Inc. ("Cadillac" or the "Company") is publicly traded on the TSX-V under the symbol CDC. Cadillac is a development-focused exploration Company which has three Canadian exploration projects, located in regions that have been historically active, and an exploration project in Peru. The New Alger project located outside of Cadillac, Québec is a wholly-owned, previously producing gold mine, where the Company has entered into a joint venture agreement with Renforth Resources Inc. for a three year $2.5 million exploration program. The Burnt Hill project is a 51% owned tungsten tin project located outside of Fredericton, New Brunswick. The Thierry project is owned by the Company's wholly owned subsidiary, Cadillac Ventures Holdings Inc. ("Cadillac Holdings") (which amalgamated with Richview Resources Inc. on January 15, 2010). The Thierry Mine project is located in Kapkichi Lake Township and Ponsford Lake Township, Ontario. In addition, Cadillac has an initial 30% indirect interest in the "Lima Norte property" (the "Property") located in Peru. The primary office is located at 65 Front Street East, Suite 200, Toronto, Ontario, M5E 1B5.

The consolidated financial statements were approved by the Board of Directors on August 2, 2012.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. The Company has had recurring losses and will require additional financing to fund its continuing exploration efforts. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These consolidated financial statements have been prepared on a going concern basis that assumes the Company will be able to continue 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 year. Management is not aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain and complete the acquisition and development of its property interests. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write downs of the carrying values of certain assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of preparation and adoption of International Financial Reporting Standards ("IFRS")

These are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). 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 19. The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Financial instruments

All financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the consolidated statement of loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive loss. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of loss as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of loss as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the statement of loss and are included in other gains and losses.

(iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(c) Financial instruments (Continued)

(iv) Other financial liabilities: Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash	FVTPL
Short-term investments	FVTPL
Accounts receivable and prepaids	Loans and receivables
Quebec refundable tax credits and mining duties refund receivable	Loans and receivable
Marketable securities	FVTPL
Restricted cash	FVTPL

Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follow:

(i) Financial assets carried at amortized costs: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to net loss.

(iii) Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(e) Short-term investments

Short-term investments are liquid investments with a maturity greater than three months but less than one year.

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The following companies have been consolidated within the consolidated annual financial statements:

Company	Registered	Principle activity
Cadillac Ventures Inc.	Ontario, Canada	Parent company
Cadillac Ventures Holdings Inc. [1]	Ontario, Canada	Operating Company
Cadillac Ventures Spain S.L.U. [1]	Spain	Operating Company

[1] 100% owned by Cadillac Ventures Inc.

(g) Quebec refundable tax credits and mining duties receivable

The Company is entitled to a credit on duties refundable for loss under the Mining Duties Act. This credit on duties refundable for loss on exploration costs incurred in the Province of Quebec at tax rates ranging from 12% to 16% has been applied against the costs incurred (Note 9).

Furthermore, the Company is entitled to a refundable tax credit for resources for mining companies on qualified expenditures incurred. The refundable tax credit for resources may reach 35% of qualified expenditures incurred. This tax credit has been applied against the costs incurred (Note 9).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(h) Equipment

Equipment is recorded at cost, less accumulated amortization and accumulated impairment loss. Amortization is provided using the declining balance method using the following rate:

Equipment and furniture	20%
Mining equipment	20%
Buildings	30%
Computer equipment	30%
Computer software	100%
Vehicles	30%

Equipment is assessed for future recoverability or impairment on an annual basis by estimating future net discounted cash flows and residual values or by estimating replacement values. When the carrying amount of equipment exceeds the estimated net recoverable amount, the asset is written down to the extent the estimated net recoverable amount exceeds the carrying amount with a charge to income in the period that such determination is made.

(i) Mineral rights and deferred exploration expenditures

The Company capitalizes all exploration costs that result in the acquisition and retention of resource properties or an interest therein. The amount shown for mineral rights and deferred exploration expenditures represents costs to date, including acquisition, maintenance, exploration, salaries based on time spent, and management fees. All other costs are expensed as incurred.

(j) Foreign currencies

The presentation currency of the Company is the Canadian dollar, which is the functional and presentation currency of the parent company. The functional currency for each subsidiary is the currency of the primary economic environment in which the subsidiary operates. The functional currency for the Company's subsidiary which carries out exploration and development activities located in Spain is the Euro. Transactions in the foreign currency are initially recorded to the functional currency of the entity at the exchange rate in effect at the transaction date. Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in the consolidated statement of comprehensive loss. Non-monetary items, which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. On consolidation, the foreign operation is translated from its functional currency of the Euro into Canadian dollars, the presentation currency. Income and expense items are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Assets and liabilities in the consolidated statement of financial position are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the Canadian dollar are recognized as a separate component of equity through other comprehensive loss. Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences in other comprehensive loss is recognized within income in the consolidated statement of loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(k) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

(l) 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 that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Impairment of non-financial asset

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a re-valued asset reduces the revaluation surplus for that asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(n) Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The Company recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred. The difference between the quoted price of the common shares or the amount recognized in common shares and the amount the investors pay for the shares is recognized as an other liability which is reversed as a deferred tax recovery when eligible expenditures have been made.

(o) Share issue costs

Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

(p) Stock-option compensation

The fair value of the stock options granted is determined using the Black-Scholes option pricing model and management's assumptions and recorded as stock-option compensation expense over the vesting period of the stock options, with the offsetting credit recorded as an increase in contributed surplus. If the stock options are exercised, the proceeds are credited to share capital and the fair value at the date of grant is reclassified from contributed surplus to share capital.

(q) Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(r) Loss per common share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares which are included when the conditions necessary for the issuance have been met. Diluted earnings per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

(s) Segment disclosures

The Company currently operates in a single segment - the acquisition, exploration and development of mineral properties. All of the Company's activities are conducted in Canada, Spain and Peru.

(t) Significant judgments in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the consolidated financial statements include:

(i) Impairment of non-financial assets

The Company's fair value measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual fair values. The fair values are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated fair values of non-financial assets to their carrying values. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and result of operations. Assets are reviewed for an indication of impairment at each date of the statement of financial position. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration and evaluation activities and significant drop in precious metal prices.

(ii) Recognition of deferred income tax assets and the measurement of income tax expense

Periodically, we evaluate the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if we believe that it is probable that some portion of the deferred tax assets will fail to be realized, the Company records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires management to make significant judgment. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(t) Significant judgments in applying accounting policies and key sources of estimation uncertainty (Continued)

(iii) Valuation of share-based payments

The Company records all share based payments using the fair value method. The Company uses the Black-Scholes model to determine the fair value of stock options, warrants and broker warrants and a binominal model for compensation options. The main factor affecting the estimates of the fair value of stock options, warrants, broker warrants and compensation options is the stock price expected volatility used. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

(iv) The estimated useful lives and residual values of equipment and the measurement of depreciation expense

Management estimates the useful lives of equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's equipment in the future.

(u) New accounting standards not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after May 31, 2012. Many are not applicable or do not have a significant impact to Cadillac and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on Cadillac.

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(ii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(u) New accounting standards not yet adopted (Continued)

(iii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosure regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) In October 2011, the IASB issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. Retrospective application of this interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Corporation is currently assessing the impact of this interpretation.

(vii) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which is comprised of share capital, warrants, contributed surplus, accumulated other comprehensive loss and accumulated deficit which at May 31, 2012 totaled $21,562,055 (May 31, 2011 - $19,088,267; and June 1, 2010 - $11,781,952). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended May 31, 2012. The Company is not subject to any capital requirements imposed by a lending institution.

4. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sales tax and sundry receivable (includes HST), due from Minas de Aguas, S.A., Quebec refundable tax credits and mining duties receivable and short-term investments. Cash and short-term investments are held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal.

Financial instruments included in sales tax and sundry receivable comprise of sales tax receivable from government authorities (includes HST) in Canada and deposits held with service providers. Sales tax and sundry receivable are in good standing as of May 31, 2012. In addition, due from Minas de Aguas, S.A is in good standing as of May 31, 2012. Management believes that the credit risk concentration with respect to financial instruments included in sales tax and sundry receivable and due from Minas de Aguas, S.A. is minimal.

Financial instruments included in Quebec refundable tax credits and mining duties receivable comprise of mining expenditure refunds from the Quebec Government (Canada). Quebec refundable tax credits and mining duties receivable are in good standing as of May 31, 2012. Management believes that the credit risk concentration with respect to financial instruments included in Quebec refundable tax credits and mining duties receivable is minimal.

4. FINANCIAL RISK FACTORS (CONTINUED)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2012, the Company had cash and short-term investments of $1,078,969 (May 31, 2011 - $3,152,900 and June 1, 2010 - $166,705) to settle current liabilities of $1,620,501 (May 31, 2011 - $1,232,462 and June 1, 2010 - $1,518,447). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company is also committed to spending approximately $2.1 million in flow-through expenditures by December 31, 2012. If the Company does not spend these funds in compliance with the government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill all flow-through commitments within the given time constraints.

Market risk

Interest rate risk

The Company has cash and short-term investments balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by the Company's Canadian chartered bank. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its bank.

Equity price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, as it relates to precious metals, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's investments in Renforth Resources Inc. and Newcastle Minerals Ltd. are subject to fair value fluctuations arising from changes in the equity markets and currently amount to $62,500 (May 31, 2011 - $135,000; and June 1, 2010 - $5,000).

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

(i) Cash and short-term investments include guaranteed investment certificates that are subject to floating interest rates. The Company has no debt and receives low interest rates on its cash balances. As such the Company does not have significant interest rate risk.

(ii) The Company's marketable securities are subject to fair value fluctuations. As at May 31, 2012, if the fair value of the marketable securities had decreased/increased by 10% with all other variables held constant, comprehensive loss for the year ended May 31, 2012 would have been approximately $6,300 higher/lower. Similarly, as at May 31, 2012, reported shareholders' equity would have been approximately $6,300 lower/higher as a result of a 10% decrease/increase in the fair value of marketable securities.

4. FINANCIAL RISK FACTORS (CONTINUED)

Sensitivity analysis (Continued)

(iii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable included in accounts receivable and prepaids, and accounts payable and accrued liabilities that are denominated in Euros. Sensitivity to a plus or minus 5% change in the foreign exchange rate would affect net loss by approximately $50,000 with all other variables held constant.

The sensitivity analysis shown in the notes above may differ materially from actual results.

Fair value hierarchy

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of short-term financial instruments approximate their carrying amounts due to the relatively short period to maturity. These include cash and cash equivalents, short-term investments and marketable securities. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritised into three levels as per the fair value hierarchy.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at May 31, 2012.

	Level 1	Level 2	Level 3	Total
Cash	$1,048,969	$ -	$ -	$1,048,969
Short term investments	30,000	-	-	30,000
Investments	62,500	-	-	62,500

5. SHORT-TERM INVESTMENTS

Royal Bank Guaranteed Investment Certificates	May 31, 2012	May 31, 2011
Bearing interest at variable rate, due August 10, 2012	$ 30,000	$ 30,000
Bearing interest at variable rate, due May 18, 2012	-	2,380,000
Bearing interest at variable rate, due November 30, 2011	-	500,000
	$ 30,000	$ 2,910,000

6. MARKETABLE SECURITIES

Marketable securities consist of 2,500,000 common shares of Renforth Resources Inc. ("Renforth"), a publicly held Canadian company engaged in the exploration and development of properties in Canada. In addition, the Company owns 2,000,000 common shares of Newcastle Minerals Ltd. ("Newcastle"), a publicly held Canadian company engaged in the exploration and development of properties in Canada. The market value of the common shares at May 31, 2012 was $62,500 (May 31, 2011 - $135,000). The quoted market values represents the fair value of the shares.

(EXPRESSED IN CANADIAN DOLLARS)

7. GAIN ON SALE OF MATSA JOINT VENTURE INTEREST, SPAIN

On May 29, 2012, Cadillac announced it has completed the sale of its 90% joint venture interest in the Spanish Joint Venture with Minas de Aguas Tenidas, S.A.U. ("MATSA", a wholly owned subsidiary of Iberian Minerals Corp.) for $2,500,000. See Note 18 (c).

Consideration paid	
Cash	$ 2,500,000
Assets sold	
MATSA Joint Venture property, Spain	$ 689,519
Costs resulting from sale	11,262
	$ 700,781
Gain on sale of MATSA Joint Venture Interest, Spain	$ 1,799,219
Due from Minas de Aguas, Tenidas S.A.U. (inclusive of sales tax)	$ 1,442,971

8. EQUIPMENT

Cost	Equipment and Furniture	Mining Equipment	Vehicles	Buildings	Computer Equipment	Total
Balance, June 1, 2010	$ 55,143	$ 463,449	$ -	$ 79,500	$ 4,486	$ 602,578
Addition (Disposal)	23,114	(162,874)	40,632	-	1,894	(97,234)
Change due to foreign exchange	-	-	1,243	-	-	1,243
Balance, May 31, 2011	78,257	300,575	41,875	79,500	6,380	506,587
Change due to foreign exchange	-	-	(3,407)	-	-	(3,407)
Balance, May 31, 2012	$ 78,257	$ 300,575	$ 38,468	$ 79,500	$ 6,380	$ 503,180

Accumulated amortization	Equipment and Furniture	Mining Equipment	Vehicles	Buildings	Computer Equipment	Total
Balance, June 1, 2010	$ 12,988	$ 259,439	$ -	$ 48,872	$ 1,816	$ 323,115
Amortization (Reversal)	10,209	(58,224)	6,095	9,188	1,083	(31,649)
Balance, May 31, 2011	23,197	201,215	6,095	58,060	2,899	291,466
Amortization	9,944	19,872	6,096	6,432	1,044	43,388
Balance, May 31, 2012	$ 33,141	$ 221,087	$ 12,191	$ 64,492	$ 3,943	$ 334,854

Net book value	Equipment and Furniture	Mining Equipment	Vehicles	Buildings	Computer Equipment	Total
Balance, June 1, 2010	$ 42,155	$204,010	$ -	$ 30,628	$ 2,670	$279,463
Balance, May 31, 2011	$ 55,060	$ 99,360	$ 35,780	$ 21,440	$ 3,481	$215,121
Balance, May 31, 2012	$ 45,116	$ 79,488	$ 26,277	$ 15,008	$ 2,437	$168,326

(EXPRESSED IN CANADIAN DOLLARS)

9. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

The following is a detailed list of expenditures incurred on the Company's mineral properties:

	Year Ended May 31, 2012	Year Ended May 31, 2011	Year Ended May 31, 2010
New Alger Property, Quebec (Note 9(a))			
Opening balance	**$ 925,150**	$ 1,005,174	$ 1,206,232
Claim maintenance	**-**	-	142
Geological	**-**	-	1,400
Consulting	**-**	-	311
Management fees	**-**	-	171
Other	**15,590**	(5,024)	-
Cash/shares received under JV arrangement	**(25,000)**	(75,000)	(37,500)
Total expenditures	**(9,410)**	(80,024)	(35,476)
Less: Quebec refundable tax credits and mining duties refunds	**-**	-	(165,582)
	(9,410)	(80,024)	(201,058)
Closing balance	**$ 915,740**	$ 925,150	$ 1,005,174
Burnt Hill Property, New Brunswick (Note 9(b))			
Opening balance	**$ 3,193,417**	$ 3,058,829	$ 2,938,910
Drilling	**406,485**	-	-
Geology and geophysics	**100,757**	64,586	11,825
Equipment rental	**74,923**	1,231	-
Management fees	**59,976**	4,829	7,316
Claims management	**35,110**	3,925	38,201
Lab analysis	**117,186**	4,839	-
Administrative	**32,715**	5,180	-
Meals and accommodation	**13,496**	-	-
Planning	**8,800**	-	-
Auto, transportation and fuel	**13,611**	6,510	-
Drafting	**7,866**	-	-
Licence agreement	**6,500**	3,500	-
Travel and related costs	**3,721**	7,881	283
Storage	**-**	360	-
Other	**151**	2,091	30
Consulting	**-**	29,656	62,264
Total expenditures	**881,297**	134,588	119,919
Closing balance	**$ 4,074,714**	$ 3,193,417	$ 3,058,829

(EXPRESSED IN CANADIAN DOLLARS)

9. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

	Year Ended May 31, 2012	Year Ended May 31, 2011	Year Ended May 31, 2010
MATSA Joint Venture property, Spain (Note 9(c))			
Opening balance	**$ -**	$ -	$ -
Geology and geophysics	**407,958**	-	-
Consulting	**189,587**	-	-
Management fees	**50,075**	-	-
Rent	**47,116**	-	-
Administration	**11,990**	-	-
Travel	**3,078**	-	-
Auto, transportation and fuel	**3,685**	-	-
Drafting	**2,977**	-	-
Meals and accommodation	**2,615**	-	-
Lab analysis	**1,399**	-	-
Property taxes	**19,420**	-	-
Foreign exchange	**(51,643)**	-	-
Other	**1,262**	-	-
Sale of MATSA Joint Venture property, Spain (Note 7)	**(689,519)**		
Total expenditures	**-**	-	-
Closing balance	**$ -**	$ -	$ -

(EXPRESSED IN CANADIAN DOLLARS)

9. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

	Year Ended May 31, 2012	Year Ended May 31, 2011	Year Ended May 31, 2010
Thierry Mine Project, Ontario (Note 9(d))			
Opening balance	**$ 11,077,434**	$ 7,452,989	$ -
Drilling	**1,162,575**	1,681,788	-
Geological	**505,038**	592,993	-
Meals and accommodation	**311,947**	168,511	-
Management fees	**249,048**	242,997	14,798
Equipment rental	**263,797**	147,480	-
Environmental studies	**203,687**	69,155	-
Auto, fuel and transportation	**154,543**	123,514	-
Lab analysis	**161,363**	52,872	-
Consulting	**274,735**	228,522	-
Drafting	**60,940**	29,615	-
Travel and related costs	**61,628**	20,077	25,000
Administration	**15,885**	12,472	-
Planning	**9,900**	27,832	-
Claim management	**3,014**	(19,673)	54,500
Property taxes	**74,064**	85,743	3,182
Site maintenance	**1,740**	66,984	9,733
Other	**(28,440)**	88,485	-
Geophysics	-	14,805	32,850
Line cutting	-	(12,879)	53,058
Storage	**-**	3,152	-
Acquisition costs	-	-	7,259,868
Total expenditures	**3,485,464**	3,624,445	7,452,989
Closing balance	**$ 14,562,898**	$ 11,077,434	$ 7,452,989

(EXPRESSED IN CANADIAN DOLLARS)

9. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

	Year Ended May 31, 2012	Year Ended May 31, 2011	Year Ended May 31, 2010
Pickle Gold Project, Ontario (Note 9(e))			
Opening balance	**$ 622,105**	$ 758,843	$ -
Option payment	**-**	(140,000)	-
Sale of Cadillac's interest	**(140,000)**	-	-
Loss on sale of mining rights	**(482,105)**	-	-
Acquisition costs	**-**	-	756,715
Assays	**-**	-	43
Claim management	**-**	-	273
Management fees	**-**	-	169
Consulting	**-**	3,262	-
Other	**-**	-	1,643
Total expenditures	**(622,105)**	(136,738)	758,843
Closing balance	**$ -**	$ 622,105	$ 758,843
Lima Norte property, Peru (Note 9(f))			
Opening balance	**$ -**	$ -	$ -
Acquisition costs	**310,000**	-	-
Mining Concession Renewals	**182,432**	-	-
Total expenditures	**492,432**	-	-
Closing balance	**$ 492,432**	$ -	$ -
Total	**$ 20,045,784**	$ 15,818,106	$ 12,275,835

(a) New-Alger Property

The New Alger Property, a gold property, consists of a single mining concession in the Township of Cadillac in the Province of Quebec. On January 31, 2005 Chilly-Bin acquired 100% of the property from Alfer Inc. ("Alfer") in exchange for 5,000,000 Chilly-Bin common shares and $19,589. Alfer also retained a 1% net smelter returns production royalty from the sale of all minerals produced from the New Alger Property. On April 28, 2006 the Company acquired 100% of Chilly-Bin by issuing a total of 5,000,000 common shares of the Company to the shareholders of Chilly-Bin in exchange for all of the outstanding common shares of Chilly-Bin. As a result of the share exchange, the Company acquired control of Chilly-Bin, a private Ontario corporation, which holds as its main asset the New Alger Property located in Cadillac Township, Quebec.

On October 14, 2009 the Company announced that it had entered into a joint venture agreement with Renforth whereby Renforth shall have the right to acquire from Cadillac a 51% interest in the New Alger gold property in Quebec (the “Property”). Two of the Company's directors are also directors of Renforth.

Renforth may acquire a 51% interest in the Property through (i) the payment of $250,000 ($50,000 received) in cash over a period of 3 years to Cadillac, (ii) the issuance of 2,500,000 common shares (2,500,000 common shares received) over a period 2 years to Cadillac and (iii) upon spending a minimum of $2,500,000 in exploration on the Property over a period of 3 years. Upon completion of its obligations, the parties shall be contributing as to the property – 51% Renforth and 49% Cadillac.

The joint venture (“Joint Venture”) became effective on November 1, 2009 as the required approvals and other closing conditions were received and met.

9. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

(a) New-Alger Property (Continued)

Renforth will be the operator and supervisor of exploration for the Joint Venture. Renforth may determine not to proceed at any time, and in that case shall have no further right or interest provided that upon $1,500,000 in exploration expenditures and pro rata payments to Cadillac and share issuances ($150,000 and 1,500,000 common shares, Renforth shall have earned a 30% interest in the Joint Venture which may be repurchased by Cadillac for $150,000 ($35,000 received) at the end of 36 months if Renforth has not earned the full 51% interest.

In addition, on March 16, 2012, the Company gave an extension to Renforth, on the cash payment of $100,000 to Cadillac that was due after 24 months of the formation of the Joint Venture agreement and spend $1,000,000 on the New Alger Property, to June 1, 2012 for cash consideration of $10,000.

Discussions are ongoing between the Company and Renforth in connection with the terms of the Joint Venture Agreement.

(b) Burnt Hill Property

On April 4, 2007, the Company was assigned an option agreement on the Burnt Hill tungsten and molybdenum project located in New Brunswick. This property is wholly owned by Noront Resources Inc. ("Noront"). The Company assumed the obligations under the option agreement for the right to earn an initial 51% interest. These obligations included the payment of $100,000 in cash to Noront, the issuance of 2,500,000 shares in the capital of the Company to Noront, and a work commitment of $1,500,000. All of these obligations were met prior to October 27, 2009.

On June 11, 2007 the Company and Noront had agreed to amend the option agreement on the Burnt Hill Project. Under the terms of this amendment Noront immediately commenced a $1,500,000 exploration program on the Burnt Hill project. The Company agreed to issue to Noront, on or prior to December 31, 2007, $1,500,000 worth of common shares of the Company to be valued at no more than $1.00 per share, or at the same price as a proposed financing contemplated by the Company to be completed in the future. The Company would remain the operator of the program during this time. On September 21, 2007 the Company issued 2,500,000 common shares for a value of $1,333,250 to Noront.

On March 18, 2008, the Company issued 1,875,000 common shares for a value of $1,087,500 to comply with one of the conditions of the Burnt Hill Property agreement to earn an initial 51% interest in the Property. The value of the common shares issued are based on the market price of the Company's common shares over a 2-day period before and after the announcement date of the transaction and was estimated at $0.58 per each common share.

On April 2, 2008, the Company announced that Cadillac had earned a 51% ownership interest in the Burnt Hill Project from Noront Resources Ltd. Cadillac had satisfied the conditions which included the payment of a total of $100,000 in cash to Noront, the issuance of 4,375,000 common shares of Cadillac valued at $2,420,750, and completion of a work commitment of $1,500,000.

Cadillac has the option to acquire a further 14% interest in the Burnt Hill Project for the payment of $500,000 in either cash or common shares of the Company.

9. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

(c) MATSA Joint Venture Property

On May 29, 2012, Cadillac announced it has completed the sale of its 90% joint venture interest in the Spanish Joint Venture with Minas de Aguas Tenidas, S.A. ("MATSA", a wholly owned subsidiary of Iberian Minerals Corp.) for $2,500,000. (Note 7)

(d) Thierry Mine Project

Through its wholly owned subsidiary, Cadillac Holdings, the Company holds certain property interests in the Patricia Mining District, Ontario.

During Cadillac's fiscal year 2010, the Company acquired Richview Resources Inc. through the amalgamation of Richview with a wholly owned subsidiary of Cadillac pursuant to a three cornered amalgamation. Pursuant to the amalgamation Cadillac acquired the Thierry Mine Property which includes the past producing Thierry mine in north-western Ontario adjacent to the Town of Pickle Lake which was last operated by UMEX and shut down in 1982 due primarily to the decline in the price of copper. The land holdings at the Thierry Mine Property are comprised of twenty seven mining leases and three unpatented mining claims.

(e) Pickle Gold Project

On September 26, 2011, the remaining 40% interest in the Pickle Gold claims held by Cadillac in Pickle Lake, Ontario have been acquired by Newcastle for a cash payment of $100,000 and 1,000,000 shares of Newcastle valued at $40,000. Cadillac retains a net smelter royalty ("NSR") of 2%. Newcastle can purchase from Cadillac 1% of the NSR for $1,000,000 at any time prior to the date that is three years after the commencement of commercial production on the claims. A loss on sale of the mining rights was recorded for an amount of $482,105.

(f) Lima Norte Property

On September 26, 2011, Cadillac announced that Cadillac has acquired an initial 30% indirect interest (the "Interest") in the Property located in Peru. Cadillac acquired the interest pursuant to an agreement (the "Agreement") with Urion Mining International B.V., an indirect wholly-owned subsidiary of Trafigura Beheer B.V. Urion Mining International B.V. is a related party. Cadillac has been appointed as manager of the Property with overall management responsibility for operations on the Property.

Cadillac satisfied the $310,000 purchase price for the Interest and the reimbursement of the first annual payment of US$127,000 due in respect of the Property by issuing 2,003,771 common shares to Urion Mining International B.V. at a price $0.218 per share. The share price was based on the 10-day average closing price of Cadillac's common shares on the TSX Venture Exchange two business days prior to the closing date. Cadillac has the option to acquire up to an additional 50% indirect interest in the Property by funding expenditures on the Property of at least $2,250,000 over a three-year period.

(EXPRESSED IN CANADIAN DOLLARS)

10. RESTRICTED CASH

The Company has restricted cash comprised of Bankers Acceptances. The Acceptances currently are reinvested on a monthly basis. The restricted amounts have been provided as security for an irrevocable letter of credit in the amount of $396,688 provided to the Ministry of Northern Development and Mines relating to the Thierry Mine. As of May 31, 2012 the balance, including accumulated interest, was $400,000 (May 31, 2011 - $400,001).

11. SHARE CAPITAL

(a) Authorized

Unlimited number of non-participating, redeemable, voting Class B preference shares.
Unlimited number of Class C preference shares issuable in series.
Unlimited number of common shares.

(b) Issued common shares

	Number of Shares		Stated Value
Balance, June 1, 2010	64,014,278	$	18,074,078
Private placements (iii)(iv)(vii)(viii)	43,161,163		11,861,600
Warrants and compensation options issued (v)(ix)	-		(4,234,525)
Share issue costs	-		(966,258)
Warrant extension (vi)	-		(29,439)
Balance, May 31, 2011	**107,175,441**	**$**	**24,705,456**

	Number of Shares		Stated Value
Balance, June 1, 2011	107,175,441	$	24,705,456
Private placements (i)(ii)	14,869,606		3,343,401
Warrants and broker warrants issued	-		(885,633)
Share issue costs	-		(323,604)
Mineral property acquisition (Note 9(f))	2,003,771		436,822
Exercise of stock options	375,000		37,500
Fair value of exercised stock options	-		61,875
Balance, May 31, 2012	**124,423,818**	**$**	**27,375,817**

11. SHARE CAPITAL (CONTINUED)

(i) On November 24, 2011, Cadillac closed the first tranche of a private placement financing led by NCP Northland Capital Partners Inc. and including Stifel Nicolaus Canada Inc. and Secutor Capital Management Corporation (collectively, the “Agents”) (the “Offering”). Pursuant to the Offering, an aggregate of 11,039,196 flow-through units (“FT Units”) were sold at a price of $0.23 per FT Unit for aggregate gross proceeds of approximately $2.5 million. Each FT Unit consists of one common share issued on a “flow-through” basis and one-half of one common share purchase warrant issued on a “flow-through” basis. Each whole warrant (a “Warrant”) entitles the holder to purchase one common share of the Company at a price of $0.35 for a period of 24 months following closing.

The Agents were paid a cash commission equal to 7% of the gross proceeds of the Offering raised from subscribers introduced to the Company by the Agents. In addition, the Agents were issued an aggregate of 759,657 non-assignable warrants of the Company (the “Broker Warrants”). Each Broker Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.21 per share for a period of 24 months following closing.

The fair value of each Warrant and Broker Warrant issued was calculated using the Black-Scholes option pricing model with the following assumptions:

(a) 5,519,598 Warrants exercisable at $0.35 with an expiry date of November 24, 2013. The fair value was calculated to be $596,116 using the following assumptions: dividend yield of 0%; expected volatility of 122.12%; risk-free interest rate of 1.09% and an expected average life of 2.0 years.

(b) 759,657 Broker Warrants exercisable at $0.21 with an expiry date of November 24, 2013. The fair value was calculated to be $97,996 using the following assumptions: dividend yield of 0%; expected volatility of 122.12%; risk-free interest rate of 1.09% and an expected average life of 2.0 years.

(ii) On December 20, 2011, Cadillac closed the second and final tranche of its Offering for gross proceeds of approximately $804,000.

On closing of the second tranche, Urion Mining International B.V. (“Urion”), an existing shareholder of the Company and an indirect wholly-owned subsidiary of Trafigura Beheer, B.V., was issued 3,830,410 units of the Company ("Units") at a price of $0.21 per Unit. Urion’s subscription allowed it to maintain its approximate 25% equity interest in the Company, through the exercise of its pre-emptive right under a pre-existing agreement between the Company and Urion.

Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole Warrant entitles the holder to purchase one common share of the Company at a price of $0.35 for a period of 24 months following closing. The fair value was calculated to be $191,521 using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 115%; risk-free interest rate of 0.89% and an expected average life of 2.0 years.

11. SHARE CAPITAL (CONTINUED)

(iii) On June 14, 2010, the Company closed the first tranche of the private placement announced on June 1, 2010 for aggregate gross proceeds of approximately $1 million. On closing, the Company issued 2,876,000 units (“Units”) and 1,484,000 flow-through units (“Flow-Through Units”). Each Unit was issued at $0.22 and consists of one common share and one-half of one warrant. Each Flow-through Unit was issued at $0.25 and consists of one “flow-through” common share and one-half of one warrant. Each whole warrant will be exercisable for 24 months for one common share at $0.35.

In connection with the closing, the Company issued 228,800 compensation options to registrants in connection with closing of the first tranche of the offering. Each compensation option entitles the holder to purchase one common share of Cadillac at a price of $0.35 per share for one year.

(iv) On June 17, 2010, the Company closed the second and final tranche of the previously announced private placement financing. Under the second tranche closing, Cadillac issued an additional 8,205,333 Units and 7,200,000 Flow-Through Units for additional gross proceeds of approximately $3.61 million. Each Unit was issued at $0.22 and consists of one common share and one-half of one warrant. Each Flow-through Unit was issued at $0.25 and consists of one “flow-through” common share and one-half of one warrant. Each whole warrant will be exercisable for 24 months for one common share at $0.35.

In connection with the financing the Company issued an aggregate of 1,211,306 compensation options to registrants. Each compensation option entitles the holder to purchase one common share of Cadillac at a price of $0.35 per share for one year.

(v) The fair value of each warrant and compensation option issued was calculated using the Black-Scholes option pricing model with the following assumptions:

(a) 2,180,000 warrants exercisable at $0.35 with an expiry date of June 11, 2012. The fair value was calculated to be $327,368 using the following assumptions: dividend yield of 0%; expected volatility of 150%; risk-free interest rate of 1.86% and an expected average life of 2.0 years.

(b) 228,800 compensation options exercisable at $0.35 with an expiry date of June 11, 2011. The fair value was calculated to be $23,566 using the following assumptions: dividend yield of 0%; expected volatility of 148%; risk-free interest rate of 1.83% and an expected average life of 1 year.

(c) 3,075,000 warrants exercisable at $0.35 with an expiry date of June 15, 2012. In addition, 4,627,666 warrants exercisable at $0.35 with an expiry date of June 16, 2012. The aggregate fair value was calculated to be $1,180,179 using the following assumptions: dividend yield of 0%; expected volatility of 149%; risk-free interest rate of 1.76% and an expected average life of 2.0 years.

(d) 480,000 compensation options exercisable at $0.35 with an expiry date of June 15, 2011. In addition, 731,306 compensation options exercisable at $0.35 with an expiry date of June 16, 2011. The aggregate fair value was calculated to be $109,314 using the following assumptions: dividend yield of 0%; expected volatility of 146% to 148%; risk-free interest rate of 1.82% to 1.87% and an expected average life of 1 year.

(vi) On August 6, 2010, the Company announced that the expiry date of 3,271,028 common share purchase warrants, originally set to expire on August 19, 2010, were extended for an additional six months to February 19, 2011. The warrants, all of which are held by Trafigura, a related party of the Company, were issued pursuant to a private placement in February 2009 and have an exercise price of $0.37 per common share. The fair value was calculated to be $29,439 using the following assumptions: dividend yield of 0%; expected volatility of 99%; risk-free interest rate of 1.34% and an expected average life of 6 months.

11. SHARE CAPITAL (CONTINUED)

(vii) On November 29, 2010, Cadillac closed the first tranche of its brokered private placement financing led by Industrial Alliance Securities Inc. and including Secutor Capital Management Corporation (together, the "Agents") and a non-brokered portion, for aggregate gross proceeds of $5,624,531.

On closing, Cadillac issued 14,421,875 flow-through units ("FT Units") at a price of $0.32 per FT Unit for gross proceeds of $4,615,000 (the "Brokered Offering"). Additionally, Urion Mining International B.V. ("Urion"), an existing shareholder of the Company and an indirect wholly-owned subsidiary of Trafigura Beheer, B.V., subscribed for 3,605,468 units of the Company ("NFT Units") at a price of $0.28 per NFT Unit for proceeds of $1,009,531 (the "Non-Brokered Offering").

Each FT Unit consists of one common share of the Company issued on a "flow-through" basis and one-half of one warrant. Each whole warrant is exercisable for one non-flow-through common share of the Company at a price of $0.45 for a period of 24 months following closing.

Each NFT Unit consists of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable for an additional common share of the Company at a price of $0.40 for a period of 24 months following closing.

In connection with the financing Cadillac paid an aggregate cash commission/finder's fee of $364,000 and issued an aggregate of 1,137,500 compensation options to registrants. Each compensation option is exercisable for one common share of Cadillac at a price of $0.28 for a period of 18 months following closing.

(viii) On December 23, 2010, Cadillac closed the second and final tranche of its brokered private placement financing led by the Agents and a non-brokered portion, for aggregate gross proceeds of $1,628,176.

On closing of the second tranche, Cadillac issued 3,125,000 FT Units at a price of $0.32 per FT Unit for gross proceeds of $1,000,000 pursuant to the brokered portion of the private placement. Additionally, Urion, an existing shareholder of the Company and an indirect wholly-owned subsidiary of Trafigura Beheer, B.V., subscribed for 2,243,487 NFT Units at a price of $0.28 per NFT Unit for proceeds of $628,176.

In connection with the second tranche of the financing, Cadillac paid an aggregate cash commission/finder's fee of $80,000 and issued an aggregate of 250,000 compensation options to registrants. Each compensation option is exercisable for one common share of Cadillac at a price of $0.28 for a period of 18 months following closing.

11. SHARE CAPITAL (CONTINUED)

(ix) The fair value of each warrant and compensation option issued was calculated using the Black-Scholes option pricing model with the following assumptions:

(a) 7,210,938 warrants exercisable at $0.45 with an expiry date of November 29, 2012. The fair value was calculated to be $1,557,562 using the following assumptions: dividend yield of 0%; expected volatility of 153%; risk-free interest rate of 1.66% and an expected average life of 2.0 years.

(b) 1,802,734 warrants exercisable at $0.40 with an expiry date of November 29, 2012. The fair value was calculated to be $340,717 using the following assumptions: dividend yield of 0%; expected volatility of 153%; risk-free interest rate of 1.66% and an expected average life of 2.0 years.

(c) 1,137,500 compensation options exercisable at $0.28 with an expiry date of May 29, 2012. The aggregate fair value was calculated to be $164,938 using the following assumptions: dividend yield of 0%; expected volatility of 137%; risk-free interest rate of 1.63% and an expected average life of 1.5 years.

(d) 1,562,500 warrants exercisable at $0.45 with an expiry date of December 22, 2012. The fair value was calculated to be $307,813 using the following assumptions: dividend yield of 0%; expected volatility of 137%; risk-free interest rate of 1.66% and an expected average life of 2.0 years.

(e) 1,121,743 warrants exercisable at $0.40 with an expiry date of December 22, 2012. The fair value was calculated to be $191,818 using the following assumptions: dividend yield of 0%; expected volatility of 137%; risk-free interest rate of 1.66% and an expected average life of 2.0 years.

(f) 250,000 compensation options exercisable at $0.28 with an expiry date of June 22, 2012. The aggregate fair value was calculated to be $31,250 using the following assumptions: dividend yield of 0%; expected volatility of 136%; risk-free interest rate of 1.66% and an expected average life of 1.5 years.

(EXPRESSED IN CANADIAN DOLLARS)

12. STOCK OPTIONS

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price ($)
Balance, June 1, 2010	5,130,054	0.43
Granted	5,699,004	0.33
Cancelled	(200,000)	(0.57)
Expired	(150,054)	(0.73)
Balance, May 31, 2011	**10,479,004**	**0.37**

	Number of stock options	Weighted average exercise price ($)
Balance, May 31, 2011	10,479,004	0.37
Granted	1,675,000	0.20
Exercised	(375,000)	(0.10)
Expired	(4,407,606)	(0.36)
Cancelled	(525,000)	(0.24)
Balance, May 31, 2012	**6,846,398**	**0.36**

(EXPRESSED IN CANADIAN DOLLARS)

12. STOCK OPTIONS (CONTINUED)

As of May 31, 2012, the following stock options were outstanding and exercisable:

	Options outstanding			Options exercisable	
Expiry Date	**Number of Options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of Options**	**Weighted average exercise price**
June 28, 2012	491,398	0.08	$ 0.35	491,398	$ 0.35
October 22, 2012	200,000	0.39	0.72	200,000	0.72
April 26, 2013	340,000	0.91	0.30	340,000	0.30
May 9, 2013	625,000	0.94	0.68	625,000	0.68
July 10, 2014	625,000	2.11	0.45	625,000	0.45
September 2, 2014	600,000	2.26	0.45	600,000	0.45
June 28, 2015	1,700,000	3.08	0.35	1,700,000	0.35
May 9, 2016	340,000	3.94	0.30	340,000	0.30
December 20, 2016	1,675,000	4.56	0.20	1,675,000	0.20
Compensation options					
June 22, 2012	250,000	0.06	0.28	250,000	0.28
	6,846,398	**2.62 years**	**$ 0.36**	**6,846,398**	**$ 0.36**

(1) On June 28, 2010 the Company granted an aggregate of 2,191,398 options to acquire common shares of Cadillac at an exercise price of $0.35 per share pursuant to its stock option plan. The options granted include 1,700,000 options granted to directors, officers and employees of Cadillac and 491,398 options granted to an IR consultant of Cadillac. Except for the options granted to the IR consultant, all options granted have a term of five years. The options granted to the IR consultant have a term of two years.

The fair value of the 1,700,000 options, which vested immediately, was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 120%; risk-free rate of 2.43% and an expected life of 5 years.

The fair value of the 491,398 options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 151%; risk-free rate of 1.50% and an expected life of 2 years. The estimated fair value was determined to be $58,476. The options vest over one year as to 25% after three months, 25% after six months, 25% after nine months and 25% after twelve months.

12. STOCK OPTIONS (CONTINUED)

(2) 250,000 compensation options exercisable at $0.28 with an expiry date of June 22, 2012. The aggregate fair value was calculated to be $31,250 using the following assumptions: dividend yield of 0%; expected volatility of 136%; risk-free interest rate of 1.66% and an expected average life of 1.5 years.

(3) On April 27, 2011, Cadillac granted granted stock options to an investor relations to acquire up to an aggregate of 340,000 common shares of Cadillac at a price of $0.30 per share for a period of two years. The stock options will vest quarterly in four installments of 85,000 each, with the first installment vesting three months from the date of grant. The fair value of the 340,000 options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 123%; risk-free rate of 1.74% and an expected life of 2 years. The estimated fair value was determined to be $28,220.

(4) On May 9, 2011, Cadillac granted granted stock options to an investor relations to acquire up to an aggregate of 340,000 common shares of Cadillac at a price of $0.30 per share for a period of five years. The stock options will vest quarterly in four installments of 85,000 each, with the first installment vesting three months from the date of grant. The fair value of the 340,000 options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 124%; risk-free rate of 2.20% and an expected life of 5 years. The estimated fair value was determined to be $47,260.

(5) On December 20, 2011, the Company also granted an aggregate of 1,675,000 options, which vest immediately, to acquire common shares of Cadillac at an exercise price of $0.20 per share pursuant to its stock option plan. The options granted include 1,400,000 options granted to directors and officers of Cadillac. All options granted will have a term of five years. The fair value of the 1,675,000 options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 113%; risk-free rate of 1.24% and an expected life of 5 years. The estimated fair value was determined to be $177,550.

(EXPRESSED IN CANADIAN DOLLARS)

13. WARRANTS

The following table summarizes warrants that have been issued, exercised or have expired during the periods presented:

	Number of warrants	Fair value ($)
Balance, May 31, 2010	**9,285,535**	**1,642,326**
Issued	21,580,579	3,905,457
Warrants extension (Note 11(b)(vi))	-	29,439
Expired	(6,785,535)	(961,765)
Balance, May 31, 2011	**24,080,579**	**4,615,457**

	Number of warrants	Fair value ($)
Balance, May 31, 2011	**24,080,579**	**4,615,457**
Issued	8,194,460	885,633
Expired	(2,500,000)	(710,000)
Balance, May 31, 2012	**29,775,039**	**4,791,090**

The following table summarizes the warrants outstanding at May 31, 2012:

EXERCISE PRICE PER SHARE ($)	EXPIRY DATE	NUMBER OF WARRANTS OUTSTANDING AT May 31, 2012
0.35	June 11, 2012	2,180,000
0.35	June 15, 2012	3,075,000
0.35	June 16, 2012	4,627,666
0.40	November 29, 2012	1,802,734
0.45	November 29, 2012	7,210,936
0.40	December 22, 2012	1,121,743
0.45	December 22, 2012	1,562,500
0.35	November 24, 2013	5,519,598
0.21	November 24, 2013	759,657
0.35	December 20, 2013	1,915,205
		29,775,039

(EXPRESSED IN CANADIAN DOLLARS)

14. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended May 31, 2012 was based on the loss attributable to common shareholders of $1,205,206 (year ended May 31, 2011 – loss of $3,990,054) and the weighted average number of common shares outstanding of 116,179,924 (year ended May 31, 2011 – 94,381,437, respectively). Diluted loss per share did not include the effect of 6,846,398 options (May 31, 2011 - 10,479,004 options) and 29,775,039 warrants (May 31, 2011 - 24,080,579 warrants) as they are anti-dilutive.

15. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being mineral exploration in Canada and Peru, and Spain. The Company has administrative offices in Toronto, Canada. Geographical information is as follows:

	May 31, 2012	May 31, 2011
Canada	**$ 20,576,164**	$ 20,342,091
Spain	**2,504,471**	369,149
Peru	**492,432**	-
Total Assets	**$ 23,573,067**	$ 20,711,240

16. COMMITMENTS

Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As at May 31, 2012, the Company is committed to incurring approximately $2.1 million in Canadian Exploration Expenditures by December 31, 2012 arising from the flow-through offerings. The Company will attempt to raise additional financing to meet the Company's flow-through commitment. There can be no assurance that additional financing will be available or on terms acceptable to the Company.

17. INCOMES TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes.

The Company has one deferred income tax liability which arose as a result of issuing flow-through shares to investors. Since the expenditures generated by the flow-through shares are renounced to the investors this lowers the tax bases of the resource properties and results in a deferred tax liability.

	May 31, 2012	May 31, 2011
Deferred tax liability:		
Resource properties	**$ (3,171,212)**	$ (797,088)
Deferred tax asset:		
Non-capital losses used to reduce the deferred income tax liability	**3,171,212**	797,088
Net deferred income tax liability	**$ -**	$ -

(EXPRESSED IN CANADIAN DOLLARS)

17. INCOMES TAXES (CONTINUED)

The Company has the following unrecognized deferred tax assets by jurisdiction:

	Canada 2012	Spain 2012	Canada 2011	Spain 2011
Non-capital losses carried forward	$ 1,449,365	$ 191,840	$ 3,023,422	$ 75,784
Exploration expenditures	18,714,310	-	16,890,178	913,417
Deferred financing costs	207,217	-	272,491	-
Marketable securities	43,725	-	23,125	-
Cumulative eligible capital	8,700	-	8,207	-
Tax value in excess of the carrying value for capital assets	655,986	-	607,156	-
Capital losses carried forward	56,418	373,652	53,224	-
Unrecognized deferred tax assets	$ 21,135,721	$ 565,492	$ 20,877,803	$ 989,201

The Company's income tax recovery for each of the years ended May 31, 2012 and 2011 is as follows:

	Years ended May 31, 2012	May 31, 2011
Current income tax expense		
Deferred income tax expense (recovery)	$ -	$ -
Total income tax expense (recovery)	$ -	$ -

The Company's actual income tax recovery for each of the years ended is made up as follows:

	Years ended May 31, 2012	May 31, 2011
Loss before income taxes	$ (1,205,206)	$ (3,990,054)
Expected income tax recovery at statutory rate 27.42% (2011 - 29.54%)	(330,467)	(1,181,321)
Stock option expense	65,788	118,096
Share renunciation in the year	2,326,299	382,268
Non-deductible meals and entertainment	1,555	3,358
Expiry of warrants	97,341	142,053
Foreign tax rate differential	36,282	(958)
Non-capital losses recognized to offset resource properties	(2,326,300)	(382,268)
Taxable benefit not recognized	129,502	918,772
Tax recovery	$ -	$ -

(EXPRESSED IN CANADIAN DOLLARS)

17. INCOMES TAXES (CONTINUED)

As of May 31, 2012, the Company has non-capital losses available for carry forward of approximately $18,075,000 and Canadian and foreign exploration and development expenditures of approximately $90,700,000 available to be applied against taxable income in future years. No benefit from these amounts has been recorded in these financial statements.

Year of expiry	Canada	Spain
2014	$ 361,194	$ -
2015	1,097,221	-
2025	-	46,620
2026	2,174,814	205,993
2027	2,037,415	386,853
2028	3,137,314	-
2029	2,023,567	-
2030	2,470,630	-
2031	1,979,881	-
2032	2,154,101	-
	$ 17,436,137	$ 639,466

18. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) The Company entered into the following transactions with related parties:

	Years ended	
	May 31, 2012	**May 31, 2011**
Elen Enterprises Inc. (i)	390,000	390,000
Elen Enterprises Inc. (i)	18,000	18,000
L. O'Shaughnessy & Associates (ii)	150,000	150,000
Poynton Professional Corporation (iii)	-	23,095
Urion Mining International B.V. (iv)	-	36,526
	558,000	617,621

(i) During the year ended May 31, 2012, consulting fees of $390,000 and a car allowance of $18,000 were paid to Elen Enterprises Inc., a company controlled by the President/CEO of the Company (comparative period - consulting fees $390,000; and car allowance $18,000).

(EXPRESSED IN CANADIAN DOLLARS)

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) During the year ended May 31, 2012, management fees of $150,000 (comparative period - $150,000) were paid to L. O'Shaughnessy & Associates, a registered business name, for services to be performed by the CFO of the Company. As at May 31, 2012, an amount of $63,770 was owing to the CFO and was included in accounts payable and accrued liabilities (May 31, 2011 - $15,848).

(iii) During the year ended May 31, 2012, consulting fees of $nil (comparative period - $23,095) were paid to Poynton Professional Corporation, a company controlled by the former Senior Vice President, General Counsel and Corporate Secretary of the Company.

(iv) During the year ended May 31, 2012, management and consulting fees together with related expenses of $nil (comparative period - $36,526) were charged by the Company to Urion Mining International B.V. a related party. As at May 31, 2012, an amount of $5,687 (May 31, 2011 - $5,687) was due from that company and was included in accounts receivable and prepaids.

(v) Refer to Note 9(f) and Note 11(b)(ii)

(b) Remuneration of Directors and key management personnel of the Company was as follows.

	Years ended	
	May 31, 2012	**May 31, 2011**
Salaries and benefits. (*)	21,000	29,000
Share based payments	140,450	213,150
	161,450	242,150

(*) Included in salaries and benefits are Director fees. The Board of Directors do not have employment or service contracts with the Company. They are entitled to director fees and stock options for their services.

(c) In May 2012 Cadillac reported that it had completed the sale of the Company's interest in the Matsa joint venture to Minas de Aguas Tenidas S.A.U., a subsidiary of Iberian Minerals Corp. for $2,500,000. This transaction constituted a related party transaction for Cadillac as Iberian is an affiliated entity of Trafigura Beheer B.V. which, indirectly beneficially owns or controls approximately 25% of Cadillac's outstanding share.

19. CONVERSION TO IFRS

(i) Overview

As stated in Significant Accounting Policies (Note 2), these consolidated financial statements are prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the financial statements for the year ended May 31, 2012 and in the preparation of an opening IFRS statement of financial position at June 1, 2010 (the Company's Transition Date).

19. CONVERSION TO IFRS (CONTINUED)

(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.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS balance sheet as at June 1, 2010, the Company's Transition 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 Company's Transition Date.

• To apply IFRS 3, Business Combinations prospectively from the Company's Transition Date, therefore not restating business combinations that took place prior to the Company's Transition Date.

• To apply IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities prospectively from the Company's Transition Date. IFRIC 1 provides guidance regarding the treatment of changes in decommissioning, restoration and similar liabilities.

• To apply IAS 23, Borrowing Costs prospectively from the Company's Transition Date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Company's Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS balance sheet is included as comparative information in the consolidated statement of financial position in these consolidated financial statements.

(iii) Changes to accounting policies

The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

The following summarizes the significant changes to the Company'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. Under Canadian GAAP, a write down to estimated fair value is required only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There is no impact on the consolidated financial statements.

19. CONVERSION TO IFRS (CONTINUED)

(iii) Changes to accounting policies (Continued)

(b) Decommissioning liabilities (asset retirement obligations)

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

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

(c) Equipment

IAS 16, Property, Plant and Equipment ("IAS 16") requires the Company to choose, for each class of capital assets, between the cost model or the revaluation model. The Company has selected the cost model in accounting for all of its capital assets.

The Company has changed its accounting policies to reflect the requirement under IAS 16 that when an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and amortized over their respective useful lives. This change in accounting policies did not have a significant impact on the Company's consolidated financial statements.

(d) Flow-through shares

Under Canadian GAAP, when flow-through shares are issued, they are initially recorded in share capital at their issue price. On the date the expenses are renounced (by filing the prescribed forms) to the investors, a future tax liability is recognized as a cost of issuing the shares (a reduction in share capital). Under IFRS, flow-through shares are recognized based on the quoted price of the existing shares on the date of the issue or based on the share price of the last private placement of non-flow-through common shares. The difference between the amount recognized in common shares and the amount the investors pays for the shares ("premium") is recognized as an other liability which is reversed into earnings as deferred tax recovery when eligible expenditures have been made. The tax effect resulting from the renunciation is recorded - when eligible expenditures have been made - as a deferred tax expense.

Under Canadian GAAP, EIC-146 permitted the recognition of a portion of previously unrecognized future income tax assets caused by renouncement of expenditures relating to flow-through shares by reversing a valuation allowance resulting in a reduction to the income tax expense. Under IFRS EIC-146 has been eliminated. This resulted in an adjustment to income tax recovery.

(EXPRESSED IN CANADIAN DOLLARS)

19. CONVERSION TO IFRS (CONTINUED)

(iii) Changes to accounting policies (Continued)

(d) Flow-through shares (Continued)

Impact on Consolidated Financial Statements

	June 1, 2010	May 31, 2011
Adjustment to share capital	$ 550,134	$ 2,496,634
Adjustment to deficit	$ (550,134)	$ (2,496,634)

Impact on Consolidated Statements of Loss and comprehensive loss

	Year ended May 31, 2011
Adjustment to income tax recovery	$ 1,946,500
Net loss and Comprehensive loss	$ (1,946,500)

Impact on Consolidated Statements of Cash Flows

	Year ended May 31, 2011
Net loss and Comprehensive loss	$ (1,946,500)
Income tax recovery	$ 1,946,500

(e) Mining rights and deferred exploration expenditures

The Company has decided to continue to capitalize its mining expenditures, with the exception of the MATSA JV properties. The Company had a 1% interest in the MATSA JV to May 31, 2011 and the expenditures to that date have been expensed.

Under the terms of the MATSA Joint Venture Cadillac can increase its interest to 90% on the joint venture properties by having incurred $3 million of expenditures on the properties on or before September 30, 2011. As of May 31, 2011, the Company has incurred the required expenditures and is in the process of exercising its option in the JV MATSA properties to 90%. Subsequent to June 1, 2011, the Company began capitalizing its MATSA expenditures.

(EXPRESSED IN CANADIAN DOLLARS)

19. CONVERSION TO IFRS (CONTINUED)

(iii) Changes to accounting policies (Continued)

(e) Mining rights and deferred exploration expenditures (Continued)

Impact on Consolidated Statements of Financial Position

	June 1, 2010	May 31, 2011
Mining rights and deferred exploration expenditures	$ (1,749,168)	$ (3,044,724)
Adjustment to deficit	$ (1,749,168)	$ (3,044,724)

Impact on Consolidated Statements of Loss and comprehensive loss

	Year ended May 31, 2011
Exploration evaluation expenses	$ 1,295,556
Net loss and Comprehensive loss	$ (1,295,556)

Impact on Consolidated Statements of Cash Flows

	Year ended May 31, 2011
Exploration evaluation expenses	$ 1,295,556
Net loss	$ (1,295,556)

(f) Foreign currency translation

Under Canadian GAAP, the Company used the temporal method of foreign exchange translation for its fully integrated subsidiary in Spain. Under the temporal method, non-monetary assets were converted to the presentation currency using historical foreign exchange rates and the resulting difference between the translation of the balance sheet and income statement was recorded in the statement of operations.

Under IFRS, the temporal method is not recognized and translation occurs using the equivalent of the current rate method under Canadian GAAP. Under this method, all assets and liabilities are treated as monetary and translated to the presentation currency using the foreign exchange rate at the end of the reporting period. Differences between the translation of the balance sheet and the income statement are accumulated in an account in equity. The change in translation methodology has resulted in changes in currency translation adjustments recognized in the statement of comprehensive loss.

(EXPRESSED IN CANADIAN DOLLARS)

19. CONVERSION TO IFRS (CONTINUED)

(iii) Changes to accounting policies (Continued)

(f) Foreign currency translation (Continued)

Impact on Consolidated Financial Statements

		June 1, 2010		May 31, 2011
Adjustment to accumulated other comprehensive (loss) income	$	-	$	1,243
Adjustment to equipment - cost	$	-	$	1,243

(g) Share issue costs

Under Canadian GAAP, the Company expenses costs directly attributable to the issue of shares or warrants. Under IFRS, incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

Impact on Consolidated Statements of Financial Position

		June 1, 2010		May 31, 2011
Share capital	$	-	$	(108,365)
Adjustment to deficit	$	-	$	108,365

Impact on Consolidated Statements of Loss and comprehensive loss

		Year ended May 31, 2011
Legal and audit	$	(54,916)
Shareholder relations		(53,449)
Net loss and comprehensive loss	$	(108,365)

19. CONVERSION TO IFRS (CONTINUED)

(iii) Changes to accounting policies (Continued)

(g) Share issue costs (Continued)

Impact on Consolidated Statements of Cash Flows

		Year ended May 31, 2011
Share issuance costs	$	(108,365)
Net loss	$	108,365

(h) Presentation

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

(EXPRESSED IN CANADIAN DOLLARS)

19. CONVERSION TO IFRS (CONTINUED)

(iv) Reconciliation between IFRS and Canadian GAAP

The June 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	June 1, 2010			
	Canadian GAAP	IFRS Reclassifications	IFRS Adjustments	IFRS
	$	$	$	$
ASSETS				
Current assets				
Cash and cash equivalents	136,670	-	-	**136,670**
Short-term investments	30,035	-	-	**30,035**
Accounts receivable and prepaids	403,596	-	-	**403,596**
Quebec refundable tax credits and mining duties refund receivable	159,513	-	-	**159,513**
Marketable securities	5,000	-	-	**5,000**
	734,814	-	-	**734,814**
Non-current assets				
Restricted cash	400,798	-	-	**400,798**
Equipment	279,463	-	-	**279,463**
Mining rights and deferred exploration expenditures (Note 19(iii)(e))	14,025,003	-	(1,749,168)	**12,275,835**
Total assets	15,440,078	-	(1,749,168)	**13,690,910**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	1,518,447	-	-	**1,518,447**
Non-current liabilities				
Decommissioning liability	390,511	-	-	**390,511**
Total liabilities	1,908,958	-	-	**1,908,958**
SHAREHOLDERS' EQUITY				
Share capital (Note 19(iii)(d))	17,523,944	-	550,134	**18,074,078**
Reserves	3,699,565	-	-	**3,699,565**
Deficit (Note 19(iii)(d)(e))	(7,692,389)	-	(2,299,302)	**(9,991,691)**
Total shareholders' equity	13,531,120	-	(1,749,168)	**11,781,952**
Total liabilities and shareholders' equity	15,440,078	-	(1,749,168)	**13,690,910**

(EXPRESSED IN CANADIAN DOLLARS)

19. CONVERSION TO IFRS (CONTINUED)

(iv) Reconciliation between IFRS and Canadian GAAP (Continued)

The May 31, 2011 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	May 31, 2011			
	Canadian GAAP	IFRS Reclassifications	IFRS Adjustments	IFRS
	$	$	$	$
ASSETS				
Current assets				
Cash and cash equivalents	242,900	-	-	**242,900**
Short-term investments	2,910,000	-	-	**2,910,000**
Accounts receivable and prepaids	830,599	-	-	**830,599**
Quebec refundable tax credits and mining duties receivable	159,513	-	-	**159,513**
Marketable securities	135,000	-	-	**135,000**
	4,278,012	-	-	**4,278,012**
Non-current assets				
Restricted cash	400,001	-	-	**400,001**
Equipment (Note 19(iii)(f))	213,878	-	1,243	**215,121**
Mining rights and deferred exploration expenditures (Note 19(iii)(e))	18,862,830	-	(3,044,724)	**15,818,106**
Total assets	23,754,721	-	(3,043,481)	**20,711,240**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	1,232,462	-	-	**1,232,462**
Non-current liabilities				
Decommissioning liability	390,511	-	-	**390,511**
Total liabilities	1,622,973	-	-	**1,622,973**
SHAREHOLDERS' EQUITY				
Share capital (Note 19(iii)(d)(g))	22,317,187	-	2,388,269	**24,705,456**
Reserves (Note 19(iii)(f))	8,363,313	-	1,243	**8,364,556**
Deficit (Note 19(iii)(d)(e)(g))	(8,548,752)	-	(5,432,993)	**(13,981,745)**
Total shareholders' equity	22,131,748	-	(3,043,481)	**19,088,267**
Total liabilities and shareholders' equity	23,754,721	-	(3,043,481)	**20,711,240**

(EXPRESSED IN CANADIAN DOLLARS)

19. CONVERSION TO IFRS (CONTINUED)

(iv) Reconciliation between IFRS and Canadian GAAP (Continued)

The Canadian GAAP consolidated statement of loss and comprehensive loss for the year ended May 31, 2011 has been reconciled to IFRS as follows:

	Year ended May 31, 2011			
	Canadian GAAP	IFRS Reclassifications	IFRS Adjustments	IFRS
	$	$	$	$
Expenses				
Stock-option compensation	399,784	-	-	**399,784**
Management and consulting fees	841,773	-	-	**841,773**
Shareholder relations (Note 19(iii)(g))	141,562	-	(53,449)	**88,113**
Legal and audit (Note 19(iii)(g))	255,764	-	(54,916)	**200,848**
Office and general	243,624	-	-	**243,624**
Travel	174,107	-	-	**174,107**
Accounting and corporate services	115,522	-	-	**115,522**
Advertising, promotions and investor relations	284,318	-	-	**284,318**
Flow-through interest charges	7,038	-	-	**7,038**
Exploration evaluation expenses (Note 19(iii)(e))	260,496	-	1,295,556	**1,556,052**
Amortization	51,417	-	-	**51,417**
	2,775,405	-	1,187,191	**3,962,596**
Net operating loss before the following	(2,775,405)	-	(1,187,191)	**(3,962,596)**
Interest income	34,731	-	-	**34,731**
Unrealised (loss) on marketable securities	(30,000)	-	-	**(30,000)**
Loss on sale of equipment	(32,189)	-	-	**(32,189)**
Loss before taxes	(2,802,863)	-	(1,187,191)	**(3,990,054)**
Income tax recovery (Note 19(iii)(d))	1,946,500	-	(1,946,500)	**-**
Net loss and comprehensive loss	(856,363)	-	(3,133,691)	**(3,990,054)**

(EXPRESSED IN CANADIAN DOLLARS)

19. CONVERSION TO IFRS (CONTINUED)

(iv) Reconciliation between IFRS and Canadian GAAP (Continued)

The Canadian GAAP consolidated statement of cash flows for the year ended May 31, 2011 has been reconciled to IFRS as follows:

	Year ended May 31, 2011			
	Canadian GAAP	IFRS Reclassifications	IFRS Adjustments	IFRS
	$	$	$	$
Cash used in operating activities				
Net loss	(856,363)	-	(3,133,691)	**(3,990,054)**
Items not involving cash:				
Stock-option compensation	399,784	-	-	**399,784**
Amortization	51,417	-	-	**51,417**
Income tax recovery (Note 19(iii)(d))	(1,946,500)	-	1,946,500	**-**
Unrealised loss on marketable securities	30,000	-	-	**30,000**
Loss on sale of equipment	32,189	-	-	**32,189**
Changes in non-cash working capital:				
Accounts receivable and prepaids	(427,003)	-	-	**(427,003)**
Accounts payable and accrued liabilities	(285,985)	-	-	**(285,985)**
	(3,002,461)	-	(1,187,191)	**(4,189,652)**
Cash flows used in investing activities				
Exploration expenditures (Note 19(iii)(e))	(4,997,827)	-	1,295,556	**(3,702,271)**
Purchase of short term investments	(2,879,965)	-	-	**(2,879,965)**
Acquisition of equipment	(65,640)	-	-	**(65,640)**
Proceeds from sale of equipment	47,619	-	-	**47,619**
	(7,895,813)	-	1,295,556	**(6,600,257)**
Cash flows provided by financing activities				
Issue of common shares	11,861,600	-	-	**11,861,600**
Share issuance costs (Note 19(iii)(g))	(857,893)	-	(108,365)	**(966,258)**
Restricted cash	797	-	-	**797**
	11,004,504	-	(108,365)	**10,896,139**
Net change in cash and cash equivalents during the year	106,230	**-**	-	**106,230**
Cash and cash equivalents, beginning of year	136,670	**-**	-	**136,670**
Cash and cash equivalents, end of year	242,900	**-**	-	**242,900**

20. SUBSEQUENT EVENTS

- On June 11, 2012, 2,180,000 warrants with an exercise price of $0.35 and expiry date of June 11, 2012 expired unexercised.
- On June 15, 2012, 3,075,000 warrants with an exercise price of $0.35 and expiry date of June 15, 2012 expired unexercised.
- On June 16, 2012, 4,627,666 warrants with an exercise price of $0.35 and expiry date of June 16, 2012 expired unexercised.
- On June 22, 2012, 250,000 compensation options with an exercise price of $0.28 and expiry date of June 22, 2012 expired unexercised.
- On June 28, 2012, 491,398 stock options with an exercise price of $0.35 and expiry date of June 28, 2012 expired unexercised.