CADILLAC VENTURES INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2011 and 2010

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditors' Report

To the Shareholders of
Cadillac Ventures Inc.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Cadillac Ventures Inc. ("the Company") which comprise the consolidated balance sheets as at May 31, 2011 and 2010 and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for each of the years then ended and for the period from the date of inception of the development stage on April 28, 2006 to 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 Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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, 2011 and 2010 and its results of operations and its cash flows for each of the years then ended and for the period from the date of inception of the development stage on April 28, 2006 to May 31, 2011 in accordance with Canadian generally accepted accounting principles.

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 22, 2011

McCarney Greenwood LLP
Chartered Accountants
Licensed Public Accountants

CADILLAC VENTURES INC.

(Incorporated under the laws of Ontario)
(A Development Stage Company)
Consolidated Balance Sheets
(Expressed in Canadian Dollars)
As at May 31,

	2011	2010
ASSETS		
Current		
Cash and cash equivalents	**$ 242,900**	$ 136,670
Short-term investments (Note 5)	**2,910,000**	30,035
Accounts receivable and prepaids	**830,599**	403,596
Quebec refundable tax credits and mining duties receivable	**159,513**	159,513
Marketable securities (Note 6)	**135,000**	5,000
	4,278,012	734,814
Restricted cash (Note 7)	**400,001**	400,798
Property and equipment (Note 9)	**213,878**	279,463
Mineral properties (Note 10)	**18,862,830**	14,025,003
	$ 23,754,721	$ 15,440,078
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	**$ 1,232,462**	$ 1,518,447
Asset retirement obligation	**390,511**	390,511
Shareholders' equity (Statement of Changes in Shareholders' Equity)	**22,131,748**	13,531,120
	$ 23,754,721	$ 15,440,078

See accompanying notes to consolidated financial statements

Nature of operations and going concern (Note 1)
Commitments (Note 17)

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

CADILLAC VENTURES INC.

(Incorporated under the laws of Ontario)
(A Development Stage Company)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended May 31, 2011	2010	Cumulative from date of inception of the development stage (April 28, 2006)
Expenses			
Stock-based compensation (Note 12(d))	**$ 399,784**	$ 523,223	$ 1,805,820
Management and consulting fees	**841,773**	966,105	2,733,670
Shareholder relations	**141,562**	136,972	590,382
Legal and audit	**255,764**	270,633	979,311
Office and general	**243,624**	252,758	674,107
Travel	**174,107**	171,495	501,197
Accounting and corporate services	**115,522**	63,500	297,159
Advertising, promotions and investor relations	**284,318**	238,237	608,411
Flow-through interest charges	**7,038**	2,181	61,653
Exploration evaluation expenses	**260,496**	226,778	553,894
Amortization	**51,417**	64,403	146,993
	2,775,405	2,916,285	8,952,597
Net loss before the following	**(2,775,405)**	(2,916,285)	(8,952,597)
Unrealised (loss) on marketable security	**(30,000)**	(7,500)	(37,500)
Interest and other income	**34,731**	24,884	122,912
Loss on sale of property and equipment	**(32,189)**	-	(32,189)
Net loss before taxes	**(2,802,863)**	(2,898,901)	(8,899,374)
Future income tax recovery (Note 13)	**1,946,500**	-	2,496,634
Net loss and comprehensive loss	**$ (856,363)**	$(2,898,901)	$(6,402,740)
Loss per share - basic and diluted (Note 12(e))	**$ (0.01)**	$ (0.06)	
Weighted average common shares (Note 12(e))	**94,381,437**	49,773,943	

See accompanying notes to consolidated financial statements

CADILLAC VENTURES INC.
(Incorporated under the laws of Ontario)
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended May 31, 2011	2010	Cumulative from date of inception of the development stage (April 28, 2006)
OPERATING ACTIVITIES			
Net loss for the period	**$ (856,363)**	$(2,898,901)	$ (6,402,740)
Adjustments for:			
Future income tax recovery	**(1,946,500)**	-	(2,496,634)
Stock-based compensation (Note 12(d))	**399,784**	523,223	1,805,820
Amortization	**51,417**	64,403	146,993
Unrealised loss on marketable securities	**30,000**	7,500	37,500
Loss on sale of property and equipment	**32,189**	-	32,189
Changes in non-cash working capital			
Accounts receivable and prepaids	**(427,003)**	(119,040)	(813,417)
Accounts payable and accrued liabilities	**(285,985)**	(1,407,409)	(1,586,787)
Quebec refundable tax credits and mining duties receivable (Note 2(f))	**-**	(50,932)	135,250
Effect on non-cash working capital as a result of acquisition of subsidiary	**-**	8,389	2,504
	(3,002,461)	(3,872,767)	(9,139,322)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	**11,861,600**	2,000,000	21,461,070
Proceeds from exercise of options	**-**	-	102,500
Proceeds from exercise of warrants	**-**	-	240,950
Cost of share capital issuance	**(857,893)**	(16,360)	(927,394)
Due from a related company	-	-	(11,439)
Restricted cash	**797**	-	797
	$11,004,504	$ 1,983,640	$ 20,866,484

See accompanying notes to consolidated financial statements

CADILLAC VENTURES INC.

(Incorporated under the laws of Ontario)
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended May 31, 2011	2010	Cumulative from date of inception of the development stage (April 28, 2006)
INVESTING ACTIVITIES			
Expenditures on mineral properties	**$(4,997,827)**	$(1,751,833)	$ (8,862,864)
Short term investments	**(2,879,965)**	3,419,965	(2,910,000)
Cash acquired on acquisition of subsidiary	**-**	44	10,407
Costs of acquisition of subsidiary	**-**	-	(30,357)
Effect on mining interests as a result of acquisition of subsidiary	**-**	-	275,879
Acquisition of property and equipment	**(65,640)**	(13,619)	(177,968)
Proceeds from sale of property and equipment	**47,619**	-	47,619
	(7,895,813)	1,654,557	(11,647,284)
Change in cash and cash equivalents during the period	**106,230**	(234,570)	79,878
Cash and cash equivalents, beginning of period	**136,670**	371,240	163,022
Cash and cash equivalents, end of period	**$ 242,900**	$ 136,670	$ 242,900
SUPPLEMENTAL SCHEDULE OF NON-CASH TRANSACTIONS			
Share issuance for the acquisition of subsidiary	**$ -**	$ 5,086,075	$ 5,086,075
Warrants and agent options transferred on the acquisition of subsidiary	**$ -**	$ 175,182	$ 175,182
Shares issued for Burnt Hill property	**$ -**	$ -	$ 2,420,750
Shares issued for debt	**$ -**	$ 330,000	$ 330,000
Shares received as option payment	**$ (160,000)**	$ -	$ (160,000)

See accompanying notes to consolidated financial statements

CADILLAC VENTURES INC.

(Incorporated under the laws of Ontario)
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital	Warrants	Contributed Surplus	Deficit	Total
Balance, May 31, 2009	**$ 10,834,229**	**$ 796,356**	**$ 1,494,804**	**$ (4,793,488)**	**$ 8,331,901**
Shares issued on the acquisition of Richview (Note 8)	5,086,075	-	-	-	5,086,075
Warrants and agent options transferred on the acquisition of Richview (Note 8)	-	136,637	38,545	-	175,182
Shares issued for debt (Note 11)	330,000	-	-	-	330,000
Stock-based compensation (Note 12(d))	-	-	523,223	-	523,223
Private placement	2,000,000	-	-	-	2,000,000
Share issuance costs	(16,360)	-	-	-	(16,360)
Warrants issued	(710,000)	710,000	-	-	-
Warrants expired	-	(667)	667	-	-
Net loss	-	-	-	(2,898,901)	(2,898,901)
Balance, May 31, 2010	**$ 17,523,944**	**$ 1,642,326**	**$ 2,057,239**	**$ (7,692,389)**	**$ 13,531,120**
Private placements	11,861,600	-	-	-	11,861,600
Share issuance costs	(857,893)	-	-	-	(857,893)
Warrants issued	(4,234,525)	3,905,457	329,068	-	-
Canadian tax effect of flow-through renunciation	(1,946,500)	-	-	-	(1,946,500)
Stock-based compensation	-	-	399,784	-	399,784
Warrant extension	(29,439)	29,439	-	-	-
Warrants expired	-	(961,765)	961,765	-	-
Net loss	-	-	-	(856,363)	(856,363)
Balance, May 31, 2011	**$ 22,317,187**	**$ 4,615,457**	**$ 3,747,856**	**$ (8,548,752)**	**$ 22,131,748**

See note 12 for share capital, warrants and contributed surplus from date of inception of the development stage, April 28, 2006 to May 31, 2011
See accompanying notes to consolidated financial statements

1. NATURE OF OPERATIONS 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 four Canadian exploration projects, located in regions that have been historically active, and exploration projects in Spain. 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 and the Pickle Lake projects are 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. The Pickle Lake claims are located in Connell Township in the Patricia Mining Division of Ontario. In Spain, Cadillac is a joint venture partner with Minas de Aguas Tenidas, S.A.U. regarding the exploration of a number of high potential properties surrounding the Aguas Tenidas Mine. In connection with the Spain joint venture, Cadillac Ventures Spain S.L.U., a wholly owned subsidiary of Cadillac, was incorporated. In addition, Cadillac will have have operations in Peru. See Note 10.

Cadillac is a development stage company, as defined by AcG 11 of the Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook"). The Company is in the business of mineral exploration and the continued operations of the Company and the recoverability of amounts shown for mineral properties is dependent upon the existence of deposits and upon future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its interests. The amounts shown for mineral properties represent costs to date, less amounts written off, less tax credits and duty refunds, and do not necessarily represent the future values. Changes in future conditions could require a material change in the amounts recorded for mineral properties.

These consolidated financial statements are prepared using Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern which assumes the Company will continue to operate throughout the next twelve months subsequent to May 31, 2011. The use of these principles may be inappropriate since there have been substantial operating losses in the current period and prior years and the Company has no operating assets. The future of the Company is currently dependent upon its ability to obtain sufficient cash from external financing, and/or related parties to fund the Company's ongoing operations and expenditures on the properties.

These consolidated financial statements do not include any adjustments which would be necessary if the going concern assumption was not used.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The preparation of these consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's most significant areas of estimation are asset retirement obligations, stock based compensation expenses, valuation of accounts receivable and completeness and accuracy of accounts payable and accrued liabilities.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The value of the asset retirement obligation depends on estimates of credit adjusted risk free interest rates, future restoration and reclamation expenditures and the timing of expenditures.

The Black Scholes option valuation model was develop for use in estimating the fair value of traded options and warrants which have no vesting restrictions and are fully transferable. Option valuation models require the input of highly subjective assumptions including the expected stock price volatility.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The significant accounting policies are as follows:

(a) Consolidation
These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Chilly-Bin Inc. ("Chilly-Bin"), Cadillac Holdings and Cadillac Ventures Spain S.L.U. All intercompany transactions and balances have been eliminated upon consolidation.

(b) Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks with original maturities of three months or less and which are readily convertible into cash.

(c) Short term investments
Short term investments are liquid investments with a maturity greater than three months but less than one year and are classified as "held-for-trading" and have been recorded at fair value.

(d) Restricted cash
Cash subject to a restriction that prevents its use for current purposes is presented as restricted cash.

(e) Mining properties
Mining properties are recorded at cost. The costs relating to the acquisition and exploration of these properties are capitalized until the commencement of commercial activities. If economically profitable ore reserves are developed, the capitalized costs are amortized using the unit of production method. If it is determined that the acquisition and exploration costs are not recoverable over the estimated useful lives of the properties, or if the project is abandoned, the properties are written down to their net realizable values. The mining properties are reviewed for impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

(f) 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, related to exploration costs incurred in the Province of Quebec at the rate of 12%, has been applied against the costs incurred (Note 10).

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 and has been applied against the costs incurred (Note 10).

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, income taxes are recognized for the future income tax consequences attributed to differences between the consolidated financial statement carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantially enacted income tax rates expected to apply when the asset is realized or the liability is settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. Future income tax assets are evaluated and if realization is not considered "more likely than not", a valuation allowance is provided.

(h) Amortization

Property and equipment are at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

Amortization of property and equipment is calculated using the declining balance method to write off the cost, net of any estimated residual value, over their estimated useful lives as follows:

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

Amortization is at one-half of indicated rates in the year of acquisition.

(i) Impairment of property and equipment

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undisclosed cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the assets may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the assets exceeds the discounted estimate of future cash flows from use or disposal of the asset.

(j) Flow-through shares

The Company has financed a portion of its exploration activities through the issue of flow-through shares which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to share capital and the related exploration costs have been charged to mining and resource properties. When the renunciation is made, the tax impact of the renunciation is recorded as a future income tax liability and charged against share capital. Where the Company has sufficient tax loss carry-forwards or other temporary deductible differences a future income tax asset is recognized and an income tax recovery is recorded in the consolidated statements of loss and comprehensive loss.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Stock-based compensation

The Company has a stock-based compensation plan which is described in Note 12(d) and accounted for using the recommendations in Section 3870 of the CICA Handbook, "Stock-based Compensation and Other Stock based Payments". These recommendations state that all stock-based awards be measured and recognized at the date of grant using the fair value method. The estimated fair value of the stock options is recorded as compensation expense over the vesting period or at the date of grant if the options vest immediately, with the offset recorded in contributed surplus. Any consideration paid to the Company with respect to the exercise of stock options is credited to share capital along with any related contributed surplus.

(l) Share issue costs and restructuring costs

Share issue costs are recorded as a reduction of share capital. Restructuring costs are charged to deficit.

(m) Asset retirement obligation

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the mining property is increased by the same amount as the liability. Changes in the liability due to the passage of time will be recognized as an increase to the liability and a charge to the consolidated statements of loss and comprehensive loss.

(n) Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or capitalizing transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company adopted EIC-166 effective November 30, 2007. This EIC requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement.

(o) Financial Instruments, comprehensive loss and hedges

The Company has, for accounting purposes, designated its cash and cash equivalents, short-term investments and marketable securities as held-for-trading, which are measured at fair value. Accounts receivable and prepaids are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost.

All derivative instruments, including embedded derivatives, are recorded in the balance sheet and consolidated statements of loss and comprehensive loss at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair values are recorded in operations.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial Instruments, comprehensive loss and hedges (continued)

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to loans and receivables and other financial liabilities are netted against the carrying value of the asset or liability and amortized over the expected life of the instrument using the effective interest rate method.

Comprehensive loss includes unrealized gains and losses relating to changes: in the currency translation adjustment relating to self-sustaining foreign operations; in the fair values of available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

(p) Capital Disclosures and Financial Instruments - Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments - Disclosures (Handbook Section 3862), and Financial instruments - Presentation (Handbook Section 3863). These new standards became effective for the Company on June 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives. policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended in Note 3 to these consolidated financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended in Note 4 to these consolidated financial statements.

(q) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair values of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal years ending on or after January 20, 2009. The Company has evaluated the section and determined that adoption of these requirements had no impact on the Company’s consolidated financial statements.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Mining exploration costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174 Mining Exploration Costs, which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has assessed the impact of EIC-174 and has determined that no adjustment is required to its mineral interests as at May 31, 2011.

(s) Goodwill and Intangible Assets

In February 2008, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company has evaluated this section and determined that adoption of this requirement had no impact on the Company's consolidated financial statements.

(t) Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations" ("Section 1582"), Section 1601, "Consolidated Financial Statements" ("Section 1601") and Section 1602, "Non-Controlling interests" ("Section 1602"). These new standards will be effective for fiscal years beginning on or after January 1, 2011. Earlier application of these new standards is permitted.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - "Business Combinations". The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted. The Company implemented this standard on December 1, 2009 and applied it to the acquisition of Richview Resources Inc. that took place on January 15, 2010. (See note 8).

Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 with earlier application permitted. The Company implemented this standard on December 1, 2009 resulting in no impact on the consolidated financial statements.

Section 1602 establishes standards for accounting for a noncontrolling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - "Consolidated and Separate Financial Statements" and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 with earlier application permitted. The Company implemented this standard on December 1, 2009 resulting in no impact on the consolidated financial statements.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial Instruments
In June 2009, the CICA issued an amendment to Handbook Section 3862 to provide improvements to fair value and liquidity risk disclosures. The amendment applies to the Company's fiscal year ended May 31, 2010. This adoption resulted in additional disclosure. See note 4 for relevant disclosure.

(v) Foreign Currency Translation
The Company's operations expose it to significant fluctuations in foreign exchange rates. Cadillac Ventures Spain is denominated in European Euro and is therefore, subject to exchange variations against the reporting currency, the Canadian dollar. They are integrated foreign operations, and as such the consolidated financial statements have been translated into Canadian dollars using the temporal method. All assets and liabilities are translated at exchange rates effective at the end of each fiscal year and all non-monetary assets and liabilities are translated at their historical rates. Income and expenses are translated at the average exchange rate for the year. The foreign currency translation gains and losses are included in the determination of net income (loss).

(w) Future accounting changes - International Financial Reporting Standards ["IFRS"]
In January 2006, the CICA's Accounting Standards Board ["AcSB"] formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its consolidated financial statements.

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 through enhancing the share value.

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 total shareholders' equity, comprising share capital, warrants, contributed surplus and deficit which at May 31, 2011 totaled $22,131,748 (May 31, 2010 - $13,531,120).

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 activities related to its mineral properties. 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, 2011. The Company is not subject to any capital requirements imposed by a lending institution.

CADILLAC VENTURES

4. PROPERTY AND FINANCIAL RISK FACTORS

(a) Property risk

The Company has interests in five mineral properties: (i) the New Alger Property, Quebec; (ii) the Burnt Hill Property, New Brunswick; (iii) the MATSA Joint Venture Property, Spain; (iv) Pickle Gold Project, Ontario; and (v) the Company controls the Thierry Mine near Pickle Lake in Northern Ontario (collectively called the "Properties"). Unless the Company acquires or develops additional significant mineral properties, the Company will be solely dependent upon the Properties. If no additional mineral properties are acquired by the Company, any adverse development affecting the Properties could have a material adverse effect on the Company's financial condition and results of operations.

(b) 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, foreign exchange rate and commodity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Fair value

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 balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP.

• Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level two includes inputs that are observable other than quoted prices included in level one.
• Level three includes inputs that are not based on observable market data.

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 242,900	$ -	$ -
Short term investments	$ 2,910,000	$ -	$ -
Marketable securities	$ 135,000	$ -	$ -

4. PROPERTY AND FINANCIAL RISK FACTORS (continued)

(b) Financial Risk Factors (continued)

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, short-term investments, accounts receivable, Quebec refundable tax credits and mining duties receivable and restricted cash. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents and short-term investments consists of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at May 31, 2011, the Company had a cash and cash equivalents and short-term investments balance of $3,152,900 (May 31, 2010 - $166,705) to settle current liabilities of $1,232,462 (May 31, 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 regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Market risk

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates with floating rates of interest with reputable financial institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. While the Company does not presently hold significant funds in foreign currencies it has a foreign currency risk on expenditures on the MATSA Joint Venture property.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to gold, tin, molybdenum and tungsten to determine the appropriate course of action to be taken.

(Expressed in Canadian Dollars)

4. PROPERTY AND FINANCIAL RISK FACTORS (continued)

(c) Sensitivity analysis

As of May 31, 2011, the carrying and fair value amounts of the Company's financial instruments are equivalent. 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) The Company has payables in foreign currencies that give rise to exposure to foreign exchange risk. As at May 31, 2011, had the Euro weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, the Company's loss for the year ended May 31, 2011 would have been approximately $1,400 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments and reported shareholders' equity would have been approximately $1,400 lower/higher.

(ii) Cash and cash equivalents, 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.

(iii) The Company's marketable securities are subject to fair value fluctuations. As at May 31, 2011, 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, 2011 would have been approximately $14,000 higher/lower. Similarly, as at May 31, 2011, reported shareholders' equity would have been approximately $14,000 lower/higher as a result of a 10% decrease/increase in the fair value of marketable securities.

(vi) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of various metals and metal prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of metals may be produced in the future, a profitable market will exist for them. A decline in the market price of various metals may also require the Company to reduce the values of its mineral properties, which could have a material and adverse effect on the Company's value. As of May 31, 2011, the Company was not a metal producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5. SHORT TERM INVESTMENTS

	May 31, 2011	May 31, 2010
Royal Bank Guaranteed Investment Certificates		
bearing interest at variable rate, due August 10, 2011	**$ 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**	-
bearing interest at variable rate, due August 10, 2010	**-**	30,035
	$ 2,910,000	$ 30,035

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITY

Marketable securities consist of 1,500,000 common shares (note 10) of Renforth Resources Inc., a publicly held Canadian company engaged in the exploration and development of properties in Canada.

In addition, the Company owns 1,000,000 common shares of Newcastle Minerals Ltd., 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, 2011 was $135,000 (May 31, 2010 - $5,000). The quoted market values represents the fair value of the shares.

7. 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 (note 10(4)). As of May 31, 201 the balance, including accumulated interest, was $400,001 (May 31, 2010 - $400,798).

8. ACQUISITION OF RICHVIEW RESOURCES INC.

On January 15, 2010, the Company acquired all of the issued and outstanding shares (the "Shares") of Richview Resources Inc. (“Richview”). As consideration for the Shares, the Company issued 15,893,983 common shares pursuant to the amalgamation based on 143,046,081 Richview common shares issued and outstanding. The Cadillac shares were valued at $0.32 per share, which is the fair market value of the Cadillac shares, on the date the transaction closed (January 15, 2010). As part of the total acquisition cost, all outstanding warrants and agents' options to acquire common shares of Richview were converted into warrants and options to acquire common shares of Cadillac.

With the acquisition, Cadillac now owns the past-producing Thierry Mine property in north-western Ontario, adjacent to the Town of Pickle Lake, and the Pickle Lake/Crow property in the Patricia Mining Division of Ontario.

The amount of the net loss of Richview between January 15, 2010, the acquisition date, and May 31, 2010, included in the consolidated statements of loss and comprehensive loss, is approximately $116,000. Had the acquisition of Richview occurred as of the beginning of the annual reporting period, the impact to the net loss of the Company for the year ended May 31, 2010 would be approximately $13.4 million (included in this amount is an impairment of $12.9 million).

Consideration paid	
Cadillac shares issued	$ 5,086,075
Richview warrants and agent options transferred to Cadillac	175,182
	$ 5,261,257

(Expressed in Canadian Dollars)

8. ACQUISITION OF RICHVIEW RESOURCES INC. (continued)

The fair values of Richview's assets and liabilities acquired is as follows:

Assets acquired	
Cash and cash equivalents	$ 44
GST receivable	8,389
Restricted cash	400,798
Property, plant and equipment	262,711
Mineral properties	8,016,583
	$ 8,688,525
Liabilities assumed	
Accounts payable and accrued liabilities	$(1,906,757)
Note payable (Note 11)	(1,130,000)
Asset retirement obligation	(390,511)
	$(3,427,268)
	$ 5,261,257

9. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Carrying Amount May 31, 2011
Equipment and furniture	$ 78,257	$ 23,197	$ 55,060
Mining equipment	300,575	201,215	99,360
Vehicle	40,632	6,095	34,537
Buildings	79,500	58,060	21,440
Computer equipment	6,380	2,899	3,481
	$ 505,344	$ 291,466	$ 213,878

	Cost	Accumulated Amortization	Net Carrying Amount May 31, 2010
Equipment and furniture	$ 55,143	$ 12,988	$ 42,155
Mine equipment	463,449	259,439	204,010
Bulidings	79,500	48,872	30,628
Computer equipment	4,486	1,816	2,670
	$ 602,578	$ 323,115	$ 279,463

(Expressed in Canadian Dollars)

10. MINERAL PROPERTIES

	Year ended May 31, 2011	2010	Cumulative from date of inception of the development stage (April 28, 2006)
New Alger Property, Quebec (1)			
Balance, beginning of period	**$ 1,005,174**	$ 1,206,232	$ -
Acquisition cost	**-**	-	258,419
Assays	**-**	-	22,560
Claim maintenance	**-**	142	53,501
Drilling	**-**	-	826,026
IP Surveys	**-**	-	140,754
Geological	**-**	1,400	178,969
Consulting	**-**	311	17,216
Line cutting	**-**	-	30,690
Transportation	**-**	-	9,497
Management fees	**-**	171	31,742
Travel and related costs	**-**	-	34,653
Other	**(80,024)**	(37,500)	(47,723)
Total expenditures	**(80,024)**	(35,476)	1,556,304
Less: Quebec refundable tax credits and mining duty refunds	**-**	(165,582)	(631,154)
	(80,024)	(201,058)	925,150
Balance, end of period	**$ 925,150**	$ 1,005,174	$ 925,150

(Expressed in Canadian Dollars)

10. MINERAL PROPERTIES (continued)

	Year ended May 31, 2011	2010	Cumulative from date of inception of the development stage (April 28, 2006)
Burnt Hill Property, New Brunswick (2)			
Balance, beginning of period	**$ 3,058,829**	$ 2,938,910	$ -
Acquisition costs	**-**	-	2,628,055
Administrative	**5,180**	-	5,180
Auto, transportation and fuel	**6,510**	-	6,510
Equipment rental	**1,231**	-	1,231
Lab Analysis	**4,839**	-	73,291
Drilling	**-**	-	77,456
IP Surveys	**-**	-	22,484
Geological	**64,586**	11,825	125,012
Claim management	**3,925**	38,201	67,935
Licence agreement	**3,500**	-	3,500
Consulting	**29,656**	62,264	91,920
Management fees	**4,829**	7,316	31,734
Travel and related costs	**7,881**	283	23,008
Storage	**360**	-	360
Other	**2,091**	30	35,741
Total expenditures	**134,588**	119,919	3,193,417
Balance, end of period	**$ 3,193,417**	$ 3,058,829	$ 3,193,417

(Expressed in Canadian Dollars)

10. MINERAL PROPERTIES (continued)

	Year ended May 31, 2011	2010	Cumulative from date of inception of the development stage (April 28, 2006)
MATSA Joint Venture property, Spain (3)			
Balance, beginning of period	**$ 1,749,168**	$ 123,945	$ -
Administrative	**23,021**	-	23,021
Transportation and travel	**50,331**	30,676	81,007
Drilling	**454,970**	749,088	1,204,058
Ground geophysics	**47,586**	147,486	195,072
Geology	**257,108**	156,000	440,607
Geological consulting	**213,262**	278,403	556,774
Laboratory Analysis	**65,990**	443	66,433
Rent	**52,917**	74,002	126,919
Property Taxes	**32,248**	70,570	102,818
Management fees	**72,398**	115,694	191,158
Other	**25,725**	2,861	56,857
Total expenditures	**1,295,556**	1,625,223	3,044,724
Balance, end of period	**$ 3,044,724**	$ 1,749,168	$ 3,044,724

(Expressed in Canadian Dollars)

10. MINERAL PROPERTIES (continued)

	Year ended May 31, 2011	2010	Cumulative from date of inception of the development stage (April 28, 2006)
Thierry Mine Project, Ontario (i) and (4)			
Balance, beginning of period	**$ 7,452,989**	$ -	$ -
Acquisition costs	**-**	7,259,868	7,259,868
Administration	**12,472**	-	12,472
Auto, Fuel and Transportation	**123,514**	-	123,514
Drilling	**1,681,788**	-	1,681,788
Drafting	**29,615**	-	29,615
Environmental studies	**69,155**	-	69,155
Lab analysis	**52,872**	-	52,872
Planning	**27,832**	-	27,832
Property taxes	**85,743**	3,182	88,925
Geological	**592,993**	-	592,993
Geophysics	**14,805**	32,850	47,655
Line cutting	**(12,879)**	53,058	40,179
Claim management	**(19,673)**	54,500	34,827
Site maintenance	**66,984**	9,733	76,717
Consulting	**228,522**	-	228,522
Management fees	**242,997**	14,798	257,795
Travel and related costs	**20,077**	25,000	45,077
Accommodation and meals	**168,511**	-	168,511
Equipment rental	**147,480**	-	147,480
Storage	**3,152**	-	3,152
Other	**88,485**	-	88,485
Total expenditures	**3,624,445**	7,452,989	11,077,434
Balance, end of period	**$11,077,434**	$ 7,452,989	$11,077,434

(Expressed in Canadian Dollars)

10. MINERAL PROPERTIES (continued)

	Year ended May 31, 2011	2010	Cumulative from date of inception of the development stage (April 28, 2006)
Pickle Gold Project, Ontario (i) and (5)			
Balance, beginning of period	**$ 758,843**	$ -	$ -
Acquisition costs	**-**	756,715	756,715
Assays	**-**	43	43
Consulting	**3,262**	-	3,262
Claim management	**-**	273	273
Management fees	**-**	169	169
Option payment	**(140,000)**	-	(140,000)
Other	**-**	1,643	1,643
Total expenditures	**(136,738)**	758,843	622,105
Balance, end of period	**$ 622,105**	$ 758,843	$ 622,105
Total mineral properties	**$18,862,830**	$14,025,003	$18,862,830

(i) Cadillac acquired these mineral properties when it purchased Richview Resources Inc. (see note 8). As such the figures under the cumulative column are only from the date of acquisition of these mineral properties on January 15, 2010.

10. MINERAL PROPERTIES (continued)

(1) 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 Resources Inc. (“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 in cash over a period of 3 years to Cadillac, (ii) the issuance of 2,500,000 common shares 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.

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 ($10,000 received) and 1,500,000 common shares (1,500,000 shares received with market value of $62,500), 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.

(2) 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.

10. MINERAL PROPERTIES (continued)

(2) Burnt Hill Property (continued)

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.

(3) MATSA Joint Venture Property

On December 16, 2008, the Company signed a joint venture agreement, subsequently amended in March 2009, with Minas de Aguas Tenidas S.A. ("MATSA"), a wholly owned subsidiary of Iberian Minerals Corp. (“Iberian”) encompassing 14 properties within the Iberian Pyrite Belt of southern Spain.

Under the MATSA Huelva Joint Venture Cadillac holds an initial 1% in the Projects and can increase its interest to 90% by incurring $3 million of expenditures on the Projects over 2 years. Cadillac will be operator of all exploration programs and is obligated to maintain the Projects in good standing. Once Cadillac earns a 90% interest, future exploration expenditures under the joint venture continue to be funded by Cadillac.

Upon completion of a feasibility study with respect to a particular property, that property is to be transferred to a new operating company. Cadillac will hold a 90% interest and MATSA will hold a 10% interest, both participating, in the operating company. MATSA will have a 90-day option to increase its interest in the operating company to 35% (reducing Cadillac’s interest to 65%) by paying to Cadillac an amount equal to the expenditures incurred by Cadillac with respect to such property plus two times the cost of the feasibility study. With respect to the Santo Angel property in the Cueva de la Mora Group only (which includes the Angelita deposit), MATSA may increase its percentage interest in the operating company to 65% (Cadillac 35%) on the same payment terms as the other properties.

(Expressed in Canadian Dollars)

10. MINERAL PROPERTIES (continued)

(3) MATSA Joint Venture Property (continued)

A party's failure to fund its share of expenditures required to implement the recommendations of a feasibility study will result in dilution of that party's interest in the operating company. If a party's interest in an operating company falls below 10%, such party's interest will convert to a 1% net smelter royalty ("NSR"). Both parties have granted the other rights of first offer in the event of any proposed transfers of interest.

The obligations of the parties to proceed with the MATSA joint venture remain subject to the consent of a secured creditor of MATSA on terms acceptable to both parties. During the year ended May 31, 2010, the creditor approvals were obtained and the time limit for Cadillac incurring the $3 million expenditure was extended to September 30, 2011.

(4) Thierry Mine Project

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

On March 7, 2006, Richview Resources Inc. (the predecessor company to Cadillac Holdings) entered into an earn-in option agreement with an unrelated party to acquire a 100% interest in certain claims in Kapkichi Lake Township and Ponsford Lake Township. The total purchase price for the mining claims was $77,000 and the issuance of 70,000 common shares. As of December 31, 2009, a total of $27,000 had been paid and 40,000 common shares were issued. To earn a 100% interest, the balance of the purchase price is payable as follows:

April 2009	$20,000 and 30,000 common shares
April 2010	$30,000

Under the agreement, the vendor retained a 2% NSR with a right for the Company to purchase from the vendor all of the 2% NSR for $1,000,000. Some claims were allowed to lapse during 2008.

During 2010, the Company acquired a 100% interest in these claims.

(5) Pickle Lake/Crow/Pickle Gold

i) On May 25, 2004, Richview Resources Inc. (the predecessor company to Cadillac Holdings) entered into a joint venture earn-in agreement with Kings' Bay Gold to earn a 49% interest in respect of its interests in the Patricia and Pickle Properties. The joint venture agreement was modified on November 1, 2006 and Cadillac Holdings received a 75% interest in the property in exchange for a reduction in the Headway property value interest.

The properties are subject to a 2% NSR interest in favour of Mr. Perry English, subject to the right to purchase a 1% Net Smelter Return for the sum of $1,000,000 at any time and a first right of refusal in favour to purchase the remaining 1% NSR. Certain claims have lapsed and are currently being restaked by King's Bay Gold. On October 3, 2009, Cadillac Holdings transferred its remaining 15% interest in the Headway Property to Kings Bay Gold for Kings Bay Gold 25% interest in Pickle Lake/Crow and all its mining claims in the Patricia Mining district.

CADILLAC VENTURES

10. MINERAL PROPERTIES (continued)

(5) Pickle Lake/Crow/Pickle Gold (continued)

ii) On June 6, 2006, Richview Resources Inc. (the predecessor company to Cadillac Holdings) entered into an earn-in option agreement with an unrelated party to acquire a 100% interest in certain in claims in Dona Lake Township. The total purchase price for the mining claims was $66,000 (paid) and the issuance of 75,000 common shares (issued). During 2010 Cadillac announced that it acquired 100% interest in these claims.

Under the agreement, the vendor retained a 2% NSR with a right for the Company to purchase from the vendor all of its 2% NSR for $1,000,000. Title does not transfer until final payment is made.

iii) In 2003 Richview acquired sixteen patented mining claims located in Grenfell Township (the Kirkland property). Richview spent in excess of $600,000 on these claims and 29 adjacent claims held by a joint venture partner. Cadillac has a 67% interest in all of these claims. After December 2005 the Company decided not to continue with exploration on this property and the property was written off for accounting purposes.

iv) On June 17, 2010, Cadillac announced that the Pickle Gold claims held by Cadillac in Pickle Lake, Ontario have been optioned to Newcastle Minerals Ltd. Under the terms of the option agreement Newcastle can earn an initial 60% interest in the 21 claims by the payment to Cadillac of $30,000 (paid) and 1,000,000 shares (issued with market value of $110,000) of Newcastle, and the completion of $250,000 in exploration work on the claims within 12 months of the date of the agreement. To earn the remaining 40% interest in the claims Newcastle must make payment to Cadillac of an additional $85,000 and an additional 1,000,000 shares within 24 months of the date of the agreement, incur exploration expenses on the claims of an additional $300,000 within 30 months, and issue to Cadillac an 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.

v) On September 8, 2010, Cadillac announced that it has entered into a Shared Load Benefit Agreement (the “Agreement”) with Goldcorp Canada Ltd. (“Goldcorp”) with respect to the future shared use of increased capacity of the Hydro One Transmission System in the Pickle Lake, Ontario area. Goldcorp proposes to construct, operate and maintain a static synchronous compensator (“Statcom”) to the Hydro One Transmission System to increase the capacity of the Hydro One Transmission System to supply the electrical load of its Musselwhite Mine and related facilities located north of the Town of Pickle Lake. Under the Agreement, Cadillac has the right to elect to use up to 50% of the increased capacity and load created by the Statcom project. Upon such election, Cadillac will be responsible for paying to Goldcorp its share of the project development costs and operating costs of the Statcom project.

10. MINERAL PROPERTIES (continued)

(6) Peru

On February 17, 2011, Cadillac announced that it has entered into an agreement (the "Agreement") with Urion Mining International B.V. ("Urion"), an indirect subsidiary of Trafigura Beheer B.V. ("Trafigura"), whereby Cadillac will acquire an initial 30% indirect interest (the "Interest") in a mineral property located in Peru ("Lima Norte property").

In consideration for the Interest, Cadillac will pay $310,000 to Urion, to be satisfied by the issuance of common shares of Cadillac. In addition, Cadillac will be responsible for the annual payments due in respect of the Lima Norte property, and will pay to Urion US$127,000 on closing, representing the reimbursement for the first annual payment, payable either in cash or in shares of Cadillac.

Cadillac will have the option to acquire up to an additional 50% indirect interest in the Lima Norte property by funding expenditures on the property of at least $2,250,000 over a three-year period. Upon acquisition of the Interest, Cadillac will be appointed as manager of the property with overall management responsibility for operations on the Lima Norte property.

Closing is conditional upon satisfaction of customary closing conditions and deliveries, including receipt of applicable regulatory approvals (including acceptance of the TSX Venture Exchange).

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

On January 20, 2010 the Company announced that it has signed and closed an agreement with the holder of secured debt of predecessor Richview held by Sol Prizant and Xlent Services Inc.

Included in accounts payable and accrued liabilities is an amount owed to Mr. Sol Prizant and Xlent Services Inc.

Under the terms of the transaction, the total debt of $1,130,000 representing advances made by Mr Prizant and Xlent Services inc. to Richview, will be transferred and assigned to Cadillac. Cadillac paid $500,000 on closing, $250,000 over five months without interest, and issued 1,000,000 common shares of Cadillac at $0.33 each.

As of May 31, 2011 the amount of $nil (May 31, 2010 - $50,000) is due and is included in accounts payable and accrued liabilities.

12. SHARE CAPITAL

(a) Authorised

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.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

(b) Common shares issued

	SHARES	AMOUNT
Balance, April 28, 2006 and May 31, 2006	13,164,280	$ 2,394,498
Private placement	1,562,500	125,000
Warrant valuation	-	(84,375)
Private placement - flow-through shares	2,400,000	144,000
Private placement	2,523,331	378,500
Warrant valuation	-	(285,116)
Private placement - flow-through shares	1,860,714	651,250
Warrant valuation	-	(494,950)
Private placement	1,025,999	615,600
Shares issuance on exercise of warrants	564,665	84,700
Valuation of exercised warrants	-	25,410
Tax affect of flow-through renunciation	-	(287,244)
Share issue costs - cash	-	(30,799)
Balance, May 31, 2007	23,101,489	$ 3,236,474
Shares issued for property (note 10(2))	4,375,000	2,420,750
Private placement	4,894,250	3,240,400
Exercise of options	100,000	10,000
Fair value of exercise of options	-	16,500
Exercise of warrants	100,000	10,000
Fair value of exercise of warrants	-	5,400
Effect of flow-through renunciation	-	(156,716)
Share issue costs	-	(13,410)
Balance, May 31, 2008	32,570,739	$ 8,769,398
Exercise of options	925,000	92,500
Fair value of exercise of options	-	152,625
Exercise of warrants	1,462,500	146,250
Fair value of exercise of warrants	-	78,975
Private placement (i)	620,000	155,000
Private placement (ii)	6,542,056	2,289,720
Warrant valuations	-	(796,356)
Effect of flow-through renunciation (i)	-	(44,951)
Share issue costs	-	(8,932)
Balance, May 31, 2009	42,120,295	$ 10,834,229
Acquisition of Richview (Note 8)	15,893,983	5,086,075
Shares issued for debt (Note 11)	1,000,000	330,000
Private placement (iii)	5,000,000	2,000,000
Warrant valuations	-	(710,000)
Share issue costs	-	(16,360)
Balance, May 31, 2010	**64,014,278**	**$ 17,523,944**

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

(b) Common shares issued

	SHARES	AMOUNT
Balance, May 31, 2010	**64,014,278**	**$ 17,523,944**
Private placements (iv)(v)(viii)(ix)	43,161,163	11,861,600
Warrants and compensation options issued (vi)(x)	-	(4,234,525)
Effect of flow-through renunciation (iv)(v)(viii)(ix)	-	(1,946,500)
Share issue costs	-	(857,893)
Warrant extension (vii)	-	(29,439)
Balance, May 31, 2011	**107,175,441**	**$22,317,187**

(i) On December 31, 2008, Cadillac closed a flow through financing. The Company raised, by way of private placement, gross proceeds of $155,000 through the sale of 620,000 flow-through units at a price of $0.25 per unit. Each unit is comprised of one flow-through common share and one half of one warrant, each whole warrant exercisable for a period of 18 months from closing into one common share, at an exercise price of $0.35 per whole warrant. The fair value of each warrant was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 146%; risk-free interest rate of 0.99% and an expected average life of 1.5 years. The value assigned was $44,020.

Pursuant to the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. As a result, the Company was required to recognize a foregone tax benefit of $44,951 at the time of renouncement.

(ii) On February 19, 2009, the Company closed a non-brokered private placement financing with Trafigura, an existing shareholder of the Company, for gross proceeds of $2,289,720 through the sale of 6,542,056 units to Trafigura at $0.35 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable, for 18 months, for one common share at $0.37 per share. The fair value of each warrant was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 157%; risk-free interest rate of 1.19% and an expected average life of 1.5 years. The value assigned was $752,336.

(iii) On February 18, 2010 the Company completed a non-brokered private placement financing with Trafigura, an existing shareholder of the Company, for 5,000,000 units at $0.40 per unit for gross proceeds of $2.0 million. Each unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable, for 24 months, for one common share at $0.50 per share. The fair value of each warrant was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 158%; risk-free interest rate of 1.39% and an expected average life of 2 years. The value assigned was $710,000.

The proceeds from the financing will be used for exploration expenditures and general working capital purposes. The securities issued under the financing will be subject to restrictions on resale for four months.

Pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"), the financing constitutes a "related party transaction" for Cadillac as Trafigura held 10,760,806 shares of Cadillac, representing approximately 18.5% of Cadillac's issued and outstanding common shares.

12. SHARE CAPITAL (continued)

(b) Common shares issued (continued)

(iv) 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.

Pursuant to the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. As a result, the Company recognized a foregone tax benefit of $92,750 at the time of renouncement.

(v) 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.

Pursuant to the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. As a result, the Company recognized a foregone tax benefit of $450,000 at the time of renouncement.

12. SHARE CAPITAL (continued)

(b) Common shares issued (continued)

(vi) 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.

(vii) 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.

12. SHARE CAPITAL (continued)

(b) Common shares issued (continued)

(viii) 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.

Pursuant to the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. As a result, the Company recognized a foregone tax benefit of $1,153,750 at the time of renouncement.

(ix) 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.

Pursuant to the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. As a result, the Company recognized a foregone tax benefit of $250,000 at the time of renouncement.

12. SHARE CAPITAL (continued)

(b) Common shares issued (continued)

(x) 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. SHARE CAPITAL (continued)

(c) Warrants

The following is a continuity of warrants for the period:

	NUMBER OF WARRANTS		FAIR VALUE
Balance, May 31, 2006	564,998	$	25,425
Private placements	5,946,545		864,441
Exercised	(564,665)		(25,410)
Expired	(333)		(15)
Balance, May 31, 2007	5,946,545	$	864,441
Exercised	(100,000)		(5,400)
Balance, May 31, 2008	5,846,545	$	859,041
Private placements (Note 12(b)(i) and (ii))	3,581,028		796,356
Exercised	(1,462,500)		(78,975)
Expired	(4,384,045)		(780,066)
Balance, May 31, 2009	3,581,028	$	796,356
Private placements (Note 12(b)(iii))	2,500,000		710,000
Acquisition of Richview (Note 8)	3,537,839		136,637
Expired	(333,332)		(667)
Balance, May 31, 2010	**9,285,535**	**$**	**1,642,326**
Private placements (Note 12(vi)(x))	21,580,579		3,905,457
Warrant extension (Note 12(vii))	-		29,439
Expired	(6,785,535)		(961,765)
Balance, May 31, 2011	**24,080,579**		**4,615,457**

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

(c) Warrants (continued)

The following table summarizes the warrants outstanding at May 31, 2011 and 2010:

EXERCISE PRICE PER SHARE ($)	EXPIRY DATE	NUMBER OF WARRANTS OUTSTANDING AT MAY 31 2011	2010
0.35	June 30, 2010	**-**	310,000
0.37	February 19, 2011	**-**	3,271,028
2.25	September 15, 2010	**-**	1,374,545
2.25	September 19, 2010	**-**	263,888
1.80	September 24, 2010	**-**	277,777
2.25	October 14, 2010	**-**	15,150
1.80	October 14, 2010	**-**	347,222
2.25	December 30, 2010	**-**	925,925
0.50	February 18, 2012	**2,500,000**	2,500,000
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**	-
		24,080,579	9,285,535

(d) Stock Options

Under the Company's 2006 Stock Option Plan, the Company may grant options to its employees, officers and directors to purchase common shares from the Company at a fixed price not less than the fair market value of the stock on the day preceding the grant date. The options are vested in accordance with the terms of their granting. The maximum term of these stock options is five years.

CADILLAC VENTURES

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

(d) Stock Options (continued)

The following table sets out the changes in the stock options for each of the years ended May 31, 2011 and 2010:

	2011 No. of options	**2011** Weighted average exercise price	**2010** No. of options	**2010** Weighted average exercise price
Outstanding, beginning of year	**5,130,054**	**$ 0.43**	2,500,000	$ 0.44
Granted	**5,699,004**	**0.33**	2,855,000	0.43
Cancelled	**(200,000)**	**(0.57)**	(375,000)	(0.49)
Expired	**(150,054)**	**(0.73)**	(53,333)	(0.99)
Acquisition of Richview	**-**	**-**	203,387	0.59
Outstanding, end of year	**10,479,004**	**$ 0.37**	5,130,054	$ 0.43
Options exercisable at year end	**9,676,155**	**$ 0.38**	4,108,388	$ 0.44
Weighted average fair value of options granted during the year		**$ 0.13**		$ 0.22

(i) On June 8, 2009, the Company issued incentive stock options to a consultant of the Company, totaling 300,000 options exercisable at $0.45 per common share with a expiry date of June 8, 2011. The fair value of the 300,000 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 147.17%; risk-free interest rate of 1.4% and an expected life of 2 years. The estimated value of $82,500 will be classified as stock-based compensation and credited to contributed surplus as the options vest. 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.

(ii) On July 10, 2009, the Company issued incentive stock options to directors, officers, employees and consultants of the Company, totaling 800,000 options exercisable at $0.45 per common share with a expiry date of July 10, 2014. The fair value of the 800,000 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 122.56%; risk-free interest rate of 2.39% and an expected life of 5 years. The estimated value of $192,800 will be classified as stock-based compensation and credited to contributed surplus as the options vest. The options for directors vest immediately while those for others vest over eighteen months, one-third immediately, and one-third each at nine and eighteen months. On January 29, 2010, the Company changed the exercise date and vesting terms for 75,000 options.

12. SHARE CAPITAL (continued)

(d) Stock Options (continued)

(iii) On September 2, 2009, the Company issued incentive stock options to directors, officers, employees and consultants of the Company, totaling 600,000 of options exercisable at $0.45 per common share with a expiry date of September 2, 2014. The fair value of the 600,000 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 134.33%; risk-free interest rate of 2.56% and an expected life of 5 years. The estimated value of $180,000 will be classified as stock-based compensation and credited to contributed surplus as the options vest. Options for directors vest immediately while those for others vest over eighteen months, one-third on the date of grant, and one-third each at nine and eighteen months after the date of grant.

(iv) On April 27, 2010, the Company issued incentive stock options to a consultants of the Company totaling 780,000 of options exercisable until April 27, 2011 and vest over 12 months, twenty five percent on each on three, six, nine and twelve months after the date of grant. Of the 780,000 options, 195,000 options, which vest three months from the date of grant, shall be exercisable at a price of $0.23 per share and the remaining 585,000 options shall be exercisable at a price of $0.45 per share.

The fair value of the 195,000 options which are vesting three months from the date of grant was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 155.50%; risk-free rate of 1.89% and an expected life of 1 year. The estimated value of $25,350 will be classified as stock-based compensation and credited to the contributed surplus as the options vest.

The fair value of the 585,000 options which are vesting at 25% for each six, nine and twelve months anniversary date 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 155.50%; risk-free rate of 1.89% and an expected life of 1 year. The estimated value of $56,160 will be classified as stock-based compensation and a credited to contributed surplus as the options vest.

(v) On January 15, 2010, the Company acquired all of the issued and outstanding shares of Richview and as part of the total acquired cost, the Company assumed all the agents' options of Richview by issuing 203,387 agent units of the Company to the agent option holders of Richview.

(vi) 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 1,525,000 options granted to directors and officers 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. SHARE CAPITAL (continued)

(d) Stock Options (continued)

(vii) 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.

(viii) 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.

(ix) 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 $1,649,375 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.

(x) 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.

(xi) 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.

(xii) 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.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

(d) Stock Options (continued)

As of May 31, 2011, 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 8, 2011	300,000	0.02 years	$ 0.45	300,000	$ 0.45
December 4, 2011	675,000	0.51	0.10	675,000	0.10
December 31, 2011	375,000	0.58	0.45	375,000	0.45
April 17, 2012	500,000	0.88	0.40	500,000	0.40
April 27, 2012	195,000	0.91	0.23	195,000	0.23
April 27, 2012	585,000	0.91	0.45	585,000	0.45
June 28, 2012	491,398	1.08	0.35	368,549	0.35
October 22, 2012	200,000	1.39	0.72	200,000	0.72
April 26, 2013	340,000	1.91	0.30	-	-
May 9, 2013	625,000	1.94	0.68	625,000	0.68
July 10, 2014	725,000	3.11	0.45	725,000	0.45
September 2, 2014	600,000	3.26	0.45	600,000	0.45
June 28, 2015	1,700,000	4.08	0.35	1,700,000	0.35
May 9, 2016	340,000	4.94	0.30	-	-
Compensation options					
June 11, 2011	228,800	0.03	0.35	228,800	0.35
June 15, 2011	480,000	0.04	0.35	480,000	0.35
June 16, 2011	731,306	0.04	0.35	731,306	0.35
May 29, 2012	1,137,500	1.00	0.28	1,137,500	0.28
June 22, 2012	250,000	1.06	0.28	250,000	0.28
	10,479,004	**1.78 years**	**$ 0.37**	**9,676,155**	**$ 0.38**

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

(e) Basic and diluted (loss) per share

The following table sets forth the computation of basic and diluted (loss) per share:

	2011	2010
Numerator:		
Loss for the year	**$ (856,363)**	$ (2,898,901)
Numerator for basic and diluted loss per share	**$ (856,363)**	$ (2,898,901)
Denominator:		
Weighted average number of common shares	**94,381,437**	49,773,943
Denominator for basic (loss) per share	**94,381,437**	49,773,943
Effect of dilutive securities:		
Stock options (i)	**-**	-
Share purchase warrants (i)	**-**	-
Denominator for diluted (loss) per share	**94,381,437**	49,773,943
Basic (loss) per share	**$ (0.01)**	$ (0.06)
Diluted (loss) per share	**$ (0.01)**	$ (0.06)

(i) The stock options and share purchase warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

(f) Contributed surplus

The following is a continuity of contributed surplus:

		Amount
Balance, May 31, 2006	$	1,035
Stock-based compensation		353,500
Expired warrants		15
Balance, May 31, 2007	$	354,550
Stock-based compensation		428,900
Fair value of options exercised		(16,500)
Balance, May 31, 2008	$	766,950
Stock-based compensation		100,413
Fair value of options exercised		(152,625)
Fair value of warrants expired		780,066
Balance, May 31, 2009	$	1,494,804
Stock-based compensation		523,223
Agent options		38,545
Fair value of warrants expired		667
Balance, May 31, 2010	**$**	**2,057,239**
Stock-based compensation		399,784
Fair value of warrants expired		961,765
Compensation options issued		329,068
Balance, May 31, 2011	**$**	**3,747,856**

(Expressed in Canadian Dollars)

13. INCOME TAXES

Future 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 future 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 future income tax liability.

	2011	2010
Future tax liability:		
Resource properties	**$ (797,088)**	$ (414,820)
Future tax asset:		
Non-capital losses used to reduce the future income tax liability	**797,088**	414,820
Net future income tax liability	**$ -**	$ -

In accordance with CICA Handbook EIC 146 "Flow-Through Shares", the benefit of non-capital losses carried forward has been used to reduce the futures income tax liability.

The Company has the following future tax assets:

	2011	2010
Non-capital losses carried forward	**$ 3,884,155**	$ 3,319,826
Exploration expenditures	**16,128,997**	16,092,872
Deferred financing costs	**191,590**	129,677
Marketable securities	**9,375**	-
Cumulative eligible capital	**8,207**	8,207
Tax value in excess of the carrying value for capital assets	**607,466**	597,318
Capital losses carried forward	**53,224**	45,176
Total future tax assets	**20,883,014**	20,193,076
Non-capital losses transferred to future income tax liability	**(797,088)**	(414,820)
Valuation allowance for future tax assets	**(20,085,926)**	(19,778,256)
Net future tax assets	**$ -**	$ -

The Company provided a valuation allowance equal to the future tax assets because it is not more likely than not that the future tax assets will be realized.

CADILLAC VENTURES

(Expressed in Canadian Dollars)

13. INCOME TAXES (continued)

The Company's income tax recovery for each of the years ended May 31, 2011 and 2010 is as follows:

	2011	2010
Current income tax expense	**$ -**	$ -
Future income tax expense (recovery)	**(1,946,500)**	-
Total income tax expense (recovery)	**$ (1,946,500)**	$ -

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

	2011	2010
Loss before income taxes	**$ (2,802,863)**	$ (2,898,901)
Income taxes recovery at combined federal and provincial rate of 29.54% and 32.58%	**(827,967)**	(944,462)
Stock-option compensation	**118,096**	170,466
Non-deductible meals and entertainment	**3,358**	4,025
Expiry of warrants	**142,053**	109
Foreign exchange gain on translation	**651**	(4,396)
Renunciation of flow-through shares	**(1,946,500)**	-
Future tax rate differential	**86,652**	180,137
Taxable benefit not recognized	**477,157**	594,121
Actual income tax expense (recovery)	**$ (1,946,500)**	$ -

As at May 31, 201 the Company has non-capital losses available for carry forward of approximately $15,537,000 and Canadian and foreign exploration and development expenditures of approximately $83,400,000 available to be applied against taxable income in future years. No benefit from these amounts has been recorded in these financial statements.

The non-capital losses expire as follows:

Year of Expiry	Amount
2014	$ 365,000
2015	1,102,000
2020	46,000
2021	208,000
2026	2,175,000
2027	2,038,000
2028	3,137,000
2029	2,023,000
2030	2,471,000
2031	1,972,000
	$ 15,537,000

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14. RELATED PARTY TRANSACTIONS

During the year ended May 31, 2011, consulting fees of $300,000, and a car allowance of $18,000, were paid to a company controlled by the President/CEO of the Company (2010 - consulting fees $300,000 ; car allowance $18,000). For the year ended May 31, 2011, the President/CEO of the Company received a bonus of $90,000 (2010 - $90,000).

For the year ended May 31, 2011, management fees and bonus of $120,000 and $30,000, respectively (2010 - $60,000 and $15,000, respectively) were paid to the CFO of the Company. As at May 31, 2011, an amount of $15,848 was owing to the CFO and was included in accounts payable and accrued liabilities (May 31, 2010 - $18,658).

During the year ended May 31, 2011 consulting fees of $23,095 (2010 - $154,370) were paid to a company controlled by the former Senior Vice President, General Counsel and Corporate Secretary of the Company.

For the year ended May 31, 2011, management and consulting fees together with related expenses of **$**36,526 (2010 - $136,882) were charged by the Company to Trafigura Beheer B.V. a related party. As at May 31, 2011, an amount of **$**5,687 was due from that company and was included in accounts receivable and prepaids (May 31, 2010 - $45,947).

Directors fees for the year ended May 31, 2011 were $29,000 (2010 - $29,000). As at May 31, 2011, an amount of $10,500 was owing to the directors and was included in accounts payable and accrued liabilities (2010 - $14,000).

These transactions have been measured at the exchange amount agreed to by the related parties.

(Expressed in Canadian Dollars)

15. SEGMENTED INFORMATION

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

	May 31, 2011	May 31, 2010
Canada	**$ 20,342,091**	$ 13,506,478
Spain	**3,412,630**	1,933,600
Total Assets	**$ 23,754,721**	$ 15,440,078

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's basis of presentation.

17. COMMITMENTS

(a) 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, 2011, the Company is committed to incurring approximately **$**4.1 million in CEE by December 31, 2011 arising from the flow-through offerings.

(b) The following table lists the Company's contractual obligations over the next four fiscal years.

	2012	2013	2014	2015	Total
Operating leases	$ 73,100	$ 73,300	$ 21,400	$ -	$ 167,800