

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

for the years ended
December 31, 2011 and 2010

Independent Auditor's Report

To the Shareholders of Eagle Plains Resources Ltd.

We have audited the accompanying consolidated financial statements of Eagle Plains Resources Ltd. and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010, and January 1, 2010, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eagle Plains Resources Ltd. and its subsidiary as at December 31, 2011, December 31, 2010, and January 1, 2010 and the results of its operations and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian generally accepted auditing standards.

"MacKay LLP"

Chartered Accountants

Vancouver, British Columbia

April 30, 2012

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2011	December 31, 2010 (Note 17)	January 1, 2010 (Note 17)
Assets			
Current			
Cash and cash equivalents	\$ 6,196,247	\$ 3,633,401	\$ 2,741,680
Accounts receivable (Note 10)	927,229	544,543	751,883
Subscriptions receivable	-	-	25,900
Mineral exploration tax credits receivable	46,416	54,790	54,790
Investments (Note 4)	2,149,250	3,066,538	2,369,771
Investments due to Yellowjacket Resources Ltd. (Note 20)	969,020	-	-
	10,288,162	7,299,272	5,944,024
Investment in and advances to related company (Note 10)	20,020	20,020	20,020
Long-term investments (Note 4)	1,107,409	2,882,877	1,158,735
Property and equipment (Note 5)	1,526,007	2,204,810	1,997,987
Exploration and evaluation assets (Note 6)	2,727,743	5,097,572	5,567,283
	\$ 15,669,341	\$ 17,504,551	\$ 14,688,049
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities	\$ 705,628	\$ 666,875	\$ 343,151
Other liabilities	-	-	148,171
Due to Yellowjacket Resources Ltd. (Note 20)	1,719,542	-	-
	2,425,170	666,875	491,322
Mortgage payable (Note 7)	228,122	296,368	-
	2,653,292	963,243	491,322
Shareholders' equity			
Share capital (Note 8)	21,814,313	25,808,081	24,168,174
Contributed surplus (Note 8)	3,557,165	3,676,657	2,237,216
Accumulated other comprehensive income (loss) (Note 15)	(827,541)	1,924,773	284,196
Deficit	(11,527,888)	(14,868,203)	(13,807,461)
Capital attributable to equity shareholders of the Company	13,016,049	16,541,308	12,882,125
Non-controlling interest	-	-	1,314,602
	13,016,049	16,541,308	14,196,727
	\$ 15,669,341	\$ 17,504,551	\$ 14,688,049

Nature and Continuance of Operations (Note 1)

Commitments and Contingencies (Notes 6 and 11)

Subsequent Events (Note 19)

Approved on behalf of the Board:

"Timothy J. Termuende" Director

Mr. Timothy J. Termuende

"Glen J. Diduck" Director

Mr. Glen J. Diduck

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

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)

For the years ended December 31	2011	2010 (Note 17)
Revenue		
Geological services (Note 10)	\$ 11,060,132	\$ 2,347,050
Gold sales	-	102,131
	<u>11,060,132</u>	<u>2,449,181</u>
Cost and Expenses of Operations		
Geological expenses		
Services	7,885,382	1,479,182
Depreciation	74,779	84,332
Salaries and subcontractors	1,219,362	315,705
	<u>(9,179,523)</u>	<u>(1,879,219)</u>
Mining expenses		
Depreciation	<u>(124,218)</u>	<u>(257,687)</u>
Gross profit (loss)	<u>1,756,391</u>	<u>312,275</u>
Expenses		
Administration costs (Note 10)	1,210,288	988,872
Depreciation	36,229	39,568
Professional fees (Note 10)	386,073	136,149
Public company costs	65,564	49,578
Share-based payments (Note 8)	39,598	1,932,399
Trade shows, travel and promotion	120,117	127,525
Write down of mineral properties (Note 6)	386,411	47,343
	<u>(2,244,280)</u>	<u>(3,321,434)</u>
Loss before other items	<u>(487,889)</u>	<u>(3,009,159)</u>
Other items		
Option proceeds in excess of carrying value	1,834,419	1,100,235
Other income (Note 10)	1,253,790	98,821
Investment income	34,053	7,458
Gain (loss) on disposal of equipment	419	47,999
Gain (loss) on sale of long-term investments	980,491	768,672
	<u>4,103,172</u>	<u>2,023,185</u>
Income (loss) before non-controlling interest	<u>3,615,283</u>	<u>(985,974)</u>
Non-controlling interest (Note 18)	<u>-</u>	<u>(463,668)</u>
Net income (loss) before income tax	<u>3,615,283</u>	<u>(1,449,642)</u>
Deferred income tax recovery (Note 14)	<u>(274,968)</u>	<u>381,180</u>
Net income (loss) for the year	<u>3,340,315</u>	<u>(1,068,462)</u>
Other comprehensive income (loss)		
Unrealized gain (loss) on investments	(1,771,823)	2,409,249
Reclassification on disposition of investments	(980,491)	(768,672)
Comprehensive income (loss) for the year	<u>\$ (588,001)</u>	<u>\$ 572,115</u>
Attributable to		
Non-controlling interest	\$ -	\$ (463,668)
Equity shareholders of the Company	\$ (588,001)	\$ 1,035,783
Net income (loss) per share – basic and diluted (Note 9)	<u>\$ 0.04</u>	<u>\$ (0.01)</u>
Weighted average number of shares - basic and diluted	<u>83,065,215</u>	<u>77,551,515</u>

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

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Share Capital		Contributed Surplus	Accumulated Other Comprehensive Income (loss)	Deficit	Capital Attributable to equity Shareholders	Non Controlling Interest	Equity
	Shares	Amount						
Balance, January 1, 2010 (Note 17)	76,614,370	\$24,168,174	\$2,237,216	\$ 284,196	\$(13,807,461)	\$12,882,125	\$1,314,602	\$14,196,727
Shares issued	3,629,012	918,745	-	-	-	918,745	-	918,745
Fair value of options exercised	-	443,242	(443,242)	-	-	-	-	-
Fair value of warrants exercised/expired	-	41,996	(49,716)	-	7,720	-	-	-
Share issue costs	-	(4,076)	-	-	-	(4,076)	-	(4,076)
Share-based payments	-	-	1,932,399	-	-	1,932,399	-	1,932,399
Reduction in mineral property costs	-	-	-	-	-	-	(1,046,657)	(1,046,657)
Cash paid by the Company	-	-	-	-	-	-	(400,000)	(400,000)
Shares issued by the Company	2,000,000	240,000	-	-	-	240,000	(240,000)	-
Loss on acquisition of non-controlling interest	-	-	-	-	(463,668)	(463,668)	463,668	-
Income (loss) for the year	-	-	-	-	(604,794)	(604,794)	(91,613)	(696,407)
Other comprehensive income (loss) for the year	-	-	-	1,640,577	-	1,640,577	-	1,640,577
Balance, December 31, 2010 (Note 17)	82,243,382	25,808,081	3,676,657	1,924,773	(14,868,203)	16,541,308	-	16,541,308
Shares issued	995,287	256,786	-	-	-	256,786	-	256,786
Fair value of options exercised	-	127,301	(127,301)	-	-	-	-	-
Fair value of warrants exercised/expired	-	31,789	(31,789)	-	-	-	-	-
Share-based payments	-	-	39,598	-	-	39,598	-	39,598
Spin-out to Yellowjacket (Note 20)	-	(4,409,644)	-	-	-	(4,409,644)	-	(4,409,644)
Income (loss) for the year	-	-	-	-	3,340,315	3,340,315	-	3,340,315
Other comprehensive income (loss) for the year	-	-	-	(2,752,314)	-	(2,752,314)	-	(2,752,314)
Balance, December 31, 2011	83,238,669	\$21,814,313	\$3,557,165	\$ (827,541)	\$ (11,527,888)	\$13,016,049	\$ -	\$13,016,049

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

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the years ended December 31	2011	2010
Cash flows from operating activities		
Net income (loss) for the year	\$ 3,340,315	\$ (1,068,462)
Adjustments for :		
Non-controlling interest	-	463,668
Depreciation	235,226	381,587
Share-based payments	39,598	1,932,399
Gain on sale of long-term investments	(980,491)	(768,672)
Gain on disposal of equipment	(419)	(47,999)
Option proceeds in excess of carrying value	(1,834,419)	(1,100,235)
Write down of mineral properties	386,411	47,343
Deferred income tax expense (recovery)	274,968	(381,180)
	<u>1,461,189</u>	<u>(541,551)</u>
Changes in non-cash working capital items		
(Increase) decrease in accounts receivable	(291,190)	63,727
Increase (decrease) in accounts payable and accrued liabilities	(42,374)	253,288
	<u>1,127,625</u>	<u>(224,536)</u>
Cash flows from financing activities		
Proceeds from mortgage	-	300,000
Principal payments on mortgage	(68,246)	(3,632)
Issue of shares for cash, net of issuance costs	256,786	939,210
	<u>188,540</u>	<u>1,235,578</u>
Cash flows from investing activities		
Acquisition of mineral exploration properties	-	(400,000)
Proceeds from sale of investments	1,973,417	1,712,211
Purchase of investments	(20,472)	(1,255)
Cash received for option payments	315,000	180,000
Exploration of mineral exploration properties	(692,159)	(982,478)
Proceeds from sale of equipment	3,000	48,000
Purchase of property and equipment	(332,105)	(675,799)
	<u>1,246,681</u>	<u>(119,321)</u>
Change in cash and cash equivalents	2,562,846	891,721
Cash and cash equivalents, beginning of year	<u>3,633,401</u>	<u>2,741,680</u>
Cash and cash equivalents, end of year	\$ 6,196,247	\$ 3,633,401
Cash and cash equivalents comprises:		
Bank deposits	\$ 5,195,798	\$ 1,188,555
Term deposits	1,000,449	2,444,846
	<u>\$ 6,196,247</u>	<u>\$ 3,633,401</u>

The Company made no cash payments for income taxes and made interest payments of \$14,407 (2010 - \$12,416).

Statement of Cash Flow (Note 13)

December 31, 2011 and 2010

1. Nature and Continuance of Operations

Eagle Plains Resources Ltd (the "Company" or "Eagle Plains" or "EPL") was incorporated on March 30, 1994, pursuant to the Alberta Business Corporation Act (Alberta), and is extra provincially registered in the Yukon, British Columbia, the Northwest Territories and Saskatchewan. The Company is a junior resource company holding properties located in British Columbia, Yukon, the Northwest Territories and Saskatchewan for the purpose of exploring for, and the development of mineral resources. As the Company has not commenced commercial production on any of its mining properties the Company continues to be an exploration stage corporation.

The Company's corporate office and principal place of business is Suite 200, 44-12th Avenue South, Cranbrook, British Columbia, Canada.

These statements have been prepared on the basis of accounting principles applicable to a going concern. Management has assessed that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Recoverability of the amounts shown for mineral exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and attain profitable production or proceeds from the disposition of the properties in excess of the carrying amount. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements for the Company for the year ending December 31, 2011 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The disclosures concerning the transition from GAAP to IFRS are included in Note 17.

These consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2012.

(b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as FVTPL and available-for-sale which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(c) Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

December 31, 2011 and 2010

2. Basis of Preparation - continued

(c) Use of Estimates and Judgments - continued

Significant areas requiring the use of management estimates include impairment of exploration and evaluation assets; impairment of property and equipment; useful lives for depreciation of property and equipment; reclamation and environmental obligations; inputs used in accounting for share-based payments in profit or loss and determining the provision for deferred income taxes and contingencies reported in the notes to the financial statements.

Areas of significant judgment include the classification of financial instruments and the classification of exploration and evaluation expenditures, which requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements. The accounting policies have been applied consistently by the Company and its wholly owned subsidiary.

The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Terralogic Exploration Inc. All significant intercompany balances and transactions have been eliminated.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments with maturities of three months or less from the date of purchase that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

c) Financial instruments

Financial instruments recognized in the statement of financial position include cash and cash equivalents, accounts receivables, investments, accounts payables and accrued liabilities and mortgage payable.

Financial assets

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit and loss. The Company has classified cash and cash equivalents as FVTPL.

Available-for-sale financial assets ("AFS")

Investments in marketable securities are classified as AFS financial assets. Investments are initially recognized at fair value and are subsequently carried at fair value with changes recognized in other comprehensive income or loss. Fair value is based on closing market prices for publicly traded shares without recognizing the possible effects of price fluctuations, quantities traded and similar items.

Shares held in escrow have been valued at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model.

Equity instruments for which there is no quoted market price in an active market are accounted for at cost. The cost of securities sold is based on the specific identification method. Realized gains and losses, including any other-than-temporary decline in value, on these equity securities are removed from AOCI and recorded in income or loss.

December 31, 2011 and 2010

3. Significant Accounting Policies - continued

c) Financial instruments - continued

Loans and receivables

Trades receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

The Company has classified accounts receivable and investment in and advances to related company as loans and receivables.

Transaction costs associated with FVTPL and available-for-sale financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

Where impairment has occurred, the cumulative loss is recognized in the profit and loss.

Financial liabilities

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, due to Yellowjacket and mortgage payable are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income/loss. The Company has not classified any financial liabilities as FVTPL.

The Company holds various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

December 31, 2011 and 2010

3. Significant Accounting Policies - continued

d) Exploration and evaluation expenditures

Pre -exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

e) Mineral tax credit

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments if any, resulting from such a review are recorded in the period that the tax filings are amended.

f) Option Agreements

Certain of the Company's exploration and development activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

g) Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

December 31, 2011 and 2010

3. Significant Accounting Policies - continued

g) Property, plant and equipment - continued

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

Automotive	30% per annum
Buildings	4% per annum
Computer equipment	30%, 45%, 55% and 100% per annum
Fence	10% per annum
Furniture & equipment	20% per annum
Leasehold improvements	straight line over 6 years
Ore processing equipment	20% and 30% per annum
Dewatering pipeline	6% per annum

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

h) Investment property

The Company's real estate holdings, which include the head office building, do not meet the definition of an investment property under IAS 40 and are therefore included in property, plant and equipment. Although a portion of the head office building is rented to a third party, under IAS 40, a portion of dual-use property is classified as investment property only if the portion could be sold or leased out separately under a finance lease. Otherwise, the entire property is classified as property, plant and equipment unless only an "insignificant" portion is held for own use.

i) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the statement of income (loss) for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit and loss.

j) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of comprehensive income (loss). Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations.

December 31, 2011 and 2010

3. Significant Accounting Policies - continued

k) Revenue recognition

Revenue associated with the geological services provided by the Company is recognized when services are performed under an agreement with a customer, and collection of any resulting receivable is reasonably assured.

l) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

m) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a other liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the other liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

December 31, 2011 and 2010

3. Significant Accounting Policies - continued

m) Share capital- continued

Flow-through shares - continued

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds in Note 11.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

n) Per share amounts

Basic income per common share is computed by dividing the net income for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

o) Share based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

December 31, 2011 and 2010

3. Significant Accounting Policies - continued

p) New accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2011 reporting period. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 (or as noted) with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

IFRS 7 – ‘Financial Instruments Disclosures’ – Disclosures on Transfers of Financial Assets

These amendments are applicable to annual reporting periods beginning on or after July 1, 2011. These amendments add and amend disclosure requirements about transfers of financial assets, including the nature of the financial assets involved and the risks associated with them.

IAS 12 – ‘Income Taxes’ – Amendments Regarding Deferred Tax: Recovery of Underlying Assets

These amendments are applicable to annual reporting periods beginning on or after January 1, 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life.

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

December 31, 2011 and 2010

3. Significant Accounting Policies - continued

p) New accounting pronouncements- continued

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 24 – Related Party Disclosures

The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

IAS 1 - Amendments to IAS 1 Presentation of Financial Statements

These amendments stipulate the presentation of net earnings and OCI and also require the Company to group items with OCI based on whether the items may be subsequently reclassified to profit or loss.

Amendments to IAS 1 are effective for fiscal years beginning on or after July 31, 2012 with retrospective application and early adoption permitted.

4. Investments

The Company holds securities that have been designated as available-for-sale as follows:

	December 31, 2011		December 31, 2010	
	Market Value	Cost	Market Value	Cost
Current:				
Common shares in public companies	\$ 2,149,250	\$ 3,240,421	\$ 3,066,538	\$ 2,407,330
Long-term:				
Common shares of public companies held in escrow	607,596	318,466	2,064,023	496,490
Common shares in public companies	87,000	112,500	-	-
Common shares in private companies	192,293	192,293	477,000	504,000
Guaranteed investment certificates	220,520	220,520	341,854	341,854
	1,107,409	843,779	2,882,877	1,342,344
	\$ 3,256,659	\$ 4,084,200	\$ 5,949,415	\$ 3,749,674

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

4. Investments - continued

	January 1, 2010	
	Market Value	Cost
Current:		
Common shares in public companies	\$ 2,369,771	\$ 2,246,368
Long-term:		
Common shares of public companies held in escrow	341,135	112,742
Common shares in public companies	-	-
Common shares in private companies	477,001	504,001
Guaranteed investment certificates	340,599	340,599
	<u>1,158,735</u>	<u>957,342</u>
	<u>\$ 3,528,506</u>	<u>\$ 3,203,710</u>

For securities traded in an active market, market value is based on the quoted closing prices of the securities at December 31, 2011. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded.

The Company holds public traded securities held in escrow to be released to the Company over a period from April 15, 2012 to December 1, 2013. Securities held in escrow have been recorded at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model. The investments in common shares of public companies are not free-trading at December 31, 2011, have been classified as long-term. The investments in common shares of private companies are not traded in an active market. Guaranteed investment certificates are held for terms greater than 90 days.

Accumulated other comprehensive loss (gain) of \$827,541 (December 31, 2010 - (\$1,924,773), January 1, 2010 - (\$284,196)) is the result of the change in fair value, net of tax (December 31, 2011 - \$nil, December 31, 2010 - \$234,368, January 1, 2010 - \$40,600), up to December 31, 2011.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

5. Property and Equipment

Cost	Land	Buildings	Automotive	Computer equipment	Fence	Furniture & Equipment	Ore Processing Equipment	Dewatering Pipeline	Leasehold Improvements	Total
January 1, 2010	\$ 230,216	\$301,352	\$ 416,014	\$ 214,516	\$ -	\$ 329,596	\$ 1,179,025	\$ -	\$ 38,640	\$2,709,359
Additions	68,640	548,530	178,146	53,866	-	60,402	666,346	33,547	-	1,609,477
Joint Venture adjustments ¹	-	-	(213,273)	-	-	(105,434)	(1,123,001)	-	-	(1,441,708)
December 31, 2010	298,856	849,882	380,887	268,382	-	284,564	722,370	33,547	38,640	2,877,128
Additions	-	160,837	17,960	22,352	13,360	117,596	-	-	-	332,105
Disposals	-	(29,633)	(181,045)	-	-	(109,051)	(722,370)	(33,547)	-	(1,075,646)
December 31, 2011	298,856	981,086	217,802	290,734	13,360	293,109	-	-	38,640	2,133,587
Accumulated Depreciation										
January 1, 2010	-	26,711	113,421	175,933	-	107,371	253,722	-	34,214	711,372
Additions	-	21,956	53,777	47,678	-	26,666	99,952	993	4,426	255,448
Joint Venture adjustments ¹	-	-	(28,199)	-	-	(11,473)	(254,613)	(217)	-	(294,502)
December 31, 2010	-	48,667	138,999	223,611	-	122,564	99,061	776	38,640	672,318
Additions	-	31,572	51,095	22,477	668	34,935	93,496	983	-	235,226
Disposals	-	(29,241)	(60,244)	-	-	(16,163)	(192,557)	(1,759)	-	(299,964)
December 31, 2011	\$ -	\$ 50,998	\$ 129,850	\$ 246,088	\$ 668	\$ 141,336	\$ -	\$ -	\$ 38,640	\$ 607,580
Carrying Amounts										
January 1, 2010	\$230,216	\$274,641	\$302,593	\$ 38,583	\$ -	\$ 222,225	\$ 925,303	\$ -	\$ 4,426	\$1,997,987
December 31, 2010	\$298,856	\$801,215	\$241,888	\$ 4,771	\$ -	\$ 162,000	\$ 623,309	\$ 32,771	\$ -	\$2,204,810
December 31, 2011	\$298,856	\$ 930,088	\$ 87,952	\$ 44,646	\$ 12,692	\$ 151,773	\$ -	\$ -	\$ -	\$1,526,007

¹ The Company included the assets of the Yellowjacket Joint Venture, of which it owned 58%, in 2009. The Company subsequently purchased 100% of the Joint Venture in 2010 and disposed of the Joint Venture assets in 2011.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

6. Exploration and Evaluation Assets

During the year, the Company made acquisition and exploration expenditures of \$767,101 (2010 - \$1,312,060) and received grants, option payments, and mineral tax credits of \$2,067,937 (2010 - \$1,788,006). As a result of option payments received the Company recorded in income option proceeds in excess of carrying value of \$1,834,419 (2010 - \$1,100,235). Write down and transfer of properties totaled \$2,903,412 (2010 - \$1,094,000) at December 31, 2011. As a result of the foregoing, mineral exploration properties totaled \$2,727,743 at December 31, 2011, down from \$5,097,572 at December 31, 2010.

The Company's subsidiary, Terralogic Exploration Inc, carried out exploration programs on behalf of option partners on various optioned properties totaling \$11,060,132 (2010 - \$2,347,050) in the year.

The Company has interests in a number of optioned exploration projects. As at December 31, 2011, the Company had executed option or purchase agreements with third parties on the following projects:

Option Agreements - Third party earn in

Option Agreements - Third party earn in

- a) **Acacia Project:** On June 21, 2011, the Company and Ecomax Energy Services Ltd. ("Ecomax") entered into an agreement whereby Ecomax may earn a 60% interest in the Acacia Property, located 45 km north of Kamloops in central British Columbia. Under terms of the Agreement, Ecomax has the option to earn its interest in the property by completing \$3,000,000 in exploration expenditures, making \$240,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 10,000	-	\$ -	June 14, 2011 (received)
10,000	150,000	-	On Exchange approval
40,000	200,000	200,000	First anniversary of exchange approval
80,000	200,000	300,000	Second anniversary of exchange approval
100,000	200,000	600,000	Third anniversary of exchange approval
-	250,000	800,000	Fourth anniversary of exchange approval
-	-	1,100,000	Fifth anniversary of exchange approval
<u>\$ 240,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- b) **Baska-Eldorado Project:** On July 24, 2009, the Company signed a Letter of Intent with Giyani Gold Corp. ("Giyani" - The company was formerly known as 99 Capital Corporation and changed its name to Giyani Gold Corp. in January 2011) whereby Giyani may purchase a 100% interest in the property, in north-central Saskatchewan, Canada, by issuing 2,000,000 common shares to Eagle Plains. The shares will be held in escrow and will be released from escrow, the first 200,000 shares on October 27, 2009, and 300,000 shares every six months thereafter. Eagle Plains has been granted a back-in option entitling it to purchase a 50% interest in the Baska-Eldorado property at any time between the second and fourth anniversaries of the closing date by paying Giyani the sum of \$250,000 plus an amount in cash equal to one-half of all amounts spent by Giyani on exploration of the Baska-Eldorado property and one-half of all other expenditures by Giyani in relation to the Baska-Eldorado property plus a premium of 150% applied to each expenditure grouping. If Eagle Plains does not exercise its back-in option it will be granted a 1% net smelter returns royalty on the Baska-Eldorado property to a maximum of \$2-million. In the event that Eagle Plains exercises its back-in option, the parties will be deemed to have formed a joint venture for the further exploration and development of the Baska-Eldorado property with Giyani holding an initial participating interest of 50% cent and Eagle Plains holding an initial participating interest of 50%.

Shares to be released from escrow as follows:

Share Installments	Due Date
200,000	November 19, 2009 (received)

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

b) **Baska-Eldorado - continued**

Share	<u>Due Date</u>
Installments	
300,000	May 19, 2010 (received)
300,000	November 19, 2010 (received)
300,000	May 19, 2011 (received)
300,000	November 19, 2011 (received)
300,000	May 19, 2012
<u>300,000</u>	November 19, 2012
<u>2,000,000</u>	

- c) **Bohan Project:** On September 20, 2010, the Company executed a property purchase agreement with Active Growth Capital Inc. ("Active Growth") whereby Active Growth purchased a 100% right, title and interest in the Bohan property (the "Property") located near Creston in south-western British Columbia. As consideration for the acquisition, Active Growth agreed to issue 2,000,000 common shares to Eagle Plains, to be held in escrow pursuant to the Exchange policies. Of the total share consideration, 10% (or 200,000 shares) was released from escrow upon issuance of the Final Exchange Bulletin in respect of the Qualifying Transaction and the remainder will be released from escrow in increments of 300,000 shares every 6 months thereafter.

Pursuant to the Agreement, Eagle Plains has the right to re-purchase a 50% ownership interest in the Property from the Active Growth at any time after the second anniversary of the Qualifying Transaction, and extending up to the fourth anniversary of the Qualifying Transaction, at the Company's aggregate acquisition cost plus a premium of 150%. The re-acquisition price, if applicable, would be payable in cash. In the event that Active Growth wishes to sell the Property, Eagle Plains will have the right of first refusal to acquire it. In the event that the Property is put into commercial production and Eagle Plains has not exercised its' right to re-purchase an ownership interest in the Property as described above, then Eagle Plains will receive a 1% net smelter returns ("NSR") royalty. The 1% NSR royalty is only payable to Eagle Plains if Eagle Plains has no ownership interest in the Property. In the event that Eagle Plains wishes to sell the 1% NSR royalty, then Active Growth will have the right of first refusal to acquire it.

Shares to be released from escrow as follows:

Share	<u>Due Date</u>
<u>Instalments</u>	
200,000	December 13, 2010 (received)
300,000	June 1, 2011 (received)
300,000	December 1, 2011 (received)
300,000	June 1, 2012
300,000	December 1, 2012
300,000	June 1, 2013
<u>300,000</u>	December 1, 2013
<u>2,000,000</u>	

- d) **Boundary (Dode) Project:** On August 1, 2011, Eagle Plains entered into an agreement whereby MMG USA Exploration LLC ("MMG") may earn a 60% interest in the Boundary property in south-western British Columbia. Under terms of the Agreement, MMG has the option to earn its interest in the property by making a cash payment of \$43,895 to Eagle Plains (received) and by completing \$3,000,000 in exploration expenditures by August 1, 2016. The property is subject to a 1% NSR payable to a third party, which can be purchased by MMG at any time for \$1,000,000 US.

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

- e) **Coyote Creek Project:** On June 9, 2009 Eagle Plains announced that it had reached agreement with Heemskirk Canada Ltd. ("Heemskirk") whereby Heemskirk may earn a 100% interest in the property located in south-western British Columbia. In order to exercise the option and acquire a 100% interest in the property Heemskirk is required to make cash payments totalling \$240,000 plus a production royalty on material extracted. Payments are due as follows:

<u>Cash Payments</u>	<u>Due Date</u>
\$ 20,000	June 26, 2009 (received)
20,000	120 days after "Initial Work" results (received)
200,000	June 30, 2012
<u>240,000</u>	

- f) **Dragon Lake Project:** On June 20, 2011, the Company and Olympic Resources Ltd. ("Olympic") executed a formal option agreement (amended November 2011 changing the yearly terms but not the totals) whereby Olympic has the exclusive right to earn a 60% interest in the property. To exercise the option, Olympic must complete \$3,000,000 in exploration expenditures, issue 1,000,000 common shares and make cash payments of \$500,000 to Eagle Plains over 4 years. Payments are due as follows:

<u>Cash Payments</u>	<u>Share Payments</u>	<u>Exploration Expenditures</u>	<u>Due Date</u>
\$ 30,000	200,000	\$ -	June 17, 2011 (received)
-	100,000	400,000	December 31, 2011
70,000	200,000	100,000	December 31, 2012
150,000	200,000	1,000,000	December 31, 2013
250,000	300,000	1,500,000	December 31, 2014
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- g) **Eagle Lake Project:** On September 11, 2009, the Company completed an option agreement whereby Sandstorm Metals & Energy Ltd. ("Sandstorm") could earn a 60% interest in Eagle Plains' 100% owned mineral property, located in north-central Saskatchewan, by making exploration expenditures of \$3,000,000 and completing payments of 850,000 shares and \$495,000 cash by the fifth anniversary. Sandstorm terminated the agreement May 10, 2011. During the term of the agreement the Company received \$30,000 cash and 50,000 shares of Sandstorm.

On January 19, 2012 the Company completed an option agreement whereby Sinogas West Inc. ("Sinogas") can earn a 60% interest in Eagle Plains' 100% owned mineral property, located in north-central Saskatchewan, by making exploration expenditures of \$3,000,000 and completing payments of 1,000,000 shares and \$300,000 cash over the four year period commencing on the date of Exchange Approval. Payments are due as follows:

<u>Cash Payments</u>	<u>Share Payments</u>	<u>Exploration Expenditures</u>	<u>Due Date</u>
\$ -	200,000	\$ -	On exchange approval
25,000	200,000	350,000	First anniversary of exchange approval
50,000	200,000	400,000	Second anniversary of exchange approval
75,000	200,000	750,000	Third anniversary of exchange approval
150,000	200,000	1,500,000	Fourth anniversary of exchange approval
<u>\$ 300,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

- h) **Elsiar Project:** On April 12, 2010, the Company completed an option agreement (amended October 18, 2011, changing annual terms) (subject to TSX-V approval) whereby Parkside Resources Corp. ("Parkside") (a private BC company) can earn a 60% interest in Eagle Plains' 100% owned copper-moly-gold property, located in north-western British Columbia, by making exploration expenditures of \$3,000,000 and completing payments of 1,000,000 shares and \$250,000 cash by the fourth anniversary of the agreement. In July 2010, Eagle Plains was notified by Parkside that Parkside agreed to transfer its option interest in and to the project to 0802906 B.C. Ltd (which has subsequently been renamed Blackrock Resources Ltd.). A 1% NSR is reserved for a third party. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 25,000	100,000	\$ -	Date of agreement (received)
-	-	100,000	December 31, 2010 (completed)
50,000	200,000	-	July 12, 2011 (received)
-	-	200,000	December 31, 2011 (completed)
-	200,000	-	July 12, 2012
50,000	-	-	March 31, 2013
50,000	200,000	-	July 12, 2013
-	-	2,700,000	December 31, 2013
75,000	300,000	-	July 12, 2014
<u>\$ 250,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- i) **Findlay Project:** On August 1, 2011, Eagle Plains entered into an agreement whereby MMG Canada Exploration Inc ("MMG") may earn a 60% interest in Eagle Plains' 100% owned Findlay/Greenland Creek properties located 30 kilometers north of Kimberley, in south-eastern B.C. Under terms of the proposed agreement, MMG may earn a 60% interest by making staged cash payments to Eagle Plains totalling \$500,000 and completing \$5,000,000 in exploration expenditures over 5 years, the amount of expenditure and timing to be determined by MMG. MMG may earn an additional 15% interest (for a total of 75%) by delivering a bankable feasibility study by 2021. Payments are due as follows:

Cash Payments	Exploration Expenditures	<u>Due Date</u>
\$ 25,000	\$ -	August 1, 2011 (received)
50,000	-	August 1, 2012
75,000	-	August 1, 2013
125,000	-	August 1, 2014
225,000	-	August 1, 2015
<u>\$ 500,000</u>	<u>\$ 5,000,000</u>	Exploration amounts and scheduling to be determined by MMG

- j) **Goatfell Project:** On September 19, 2011, Eagle Plains Resources Ltd. entered into an agreement with 101191710 Saskatchewan Ltd. ("101191710"), a subsidiary of 49 North Resources Inc., whereby 101191710 may earn an undivided 60% interest in Eagle Plains' Goatfell Property located 30km east of Creston, British Columbia (subject to Exchange approval). Under terms of the agreement, 101191710 will complete exploration expenditures of \$3,000,000 make cash payments of \$250,000 and issue 1,000,000 common shares to Eagle Plains over a four year period. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 15,000	100,000	\$ -	On Exchange Approval
-	-	100,000	December 31, 2011 (completed)

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

j) **Goatfell - continued**

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
25,000	100,000	-	1 year from date of exchange approval
-	-	200,000	December 31, 2012
60,000	200,000	-	2 years from date of exchange approval
-	-	500,000	December 31, 2013
75,000	300,000	-	3 years from date of exchange approval
-	-	800,000	December 31, 2014
75,000	300,000	-	4 years from date of exchange approval
			1,400,000
<u>\$ 250,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- k) **Hall Lake Project:** On September 12, 2011, Eagle Plains entered into an agreement with Bethpage Capital Corp. ("Bethpage"), whereby Bethpage may earn an undivided 60% interest in Eagle Plains' Hall Lake Property located 40km west of Kimberley, British Columbia. Under terms of the agreement, Bethpage will complete exploration expenditures of \$3,000,000 make cash payments of \$250,000 and issue 1,000,000 common shares to EPL over a four year period. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 15,000	100,000	\$ -	Date of Exchange approval
-	-	100,000	December 31, 2011 (completed)
25,000	100,000	-	1 year from date of exchange approval
-	-	200,000	December 31, 2012
60,000	200,000	-	2 years from date of exchange approval
-	-	500,000	December 31, 2013
75,000	300,000	-	3 years from date of exchange approval
-	-	800,000	December 31, 2014
75,000	300,000	-	4 years from date of exchange approval
-	-	1,400,000	December 31, 2015
<u>\$ 250,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- l) **Hit Project:** On January 28, 2011, Eagle Plains entered into an Acquisition Agreement with Aben Resources Ltd. ("Aben"), whereby Aben will acquire a 100% interest in the Hit project, located in the eastern Yukon Territory in consideration for 1,500,000 common shares of Aben to Eagle Plains. The project shall be subject to a three percent (3%) net smelter return royalty ("NSR") in favour of Eagle Plains. Aben Resources has been granted a right to purchase a 2% NSR at any time prior to commencement of commercial production for the consideration of \$2,000,000 (the "Buy Down Option"). Aben agrees to pay Eagle Plains a yearly minimum advanced royalty of \$25,000 commencing January 1, 2015.

- m) **Ice River Project:** On September 25, 2008, Eagle Plains announced that it had reached agreement with Waterloo Resources Ltd. ("Waterloo") whereby Waterloo may earn a 60% interest in the Ice River Property (amended March 5, 2009), located in British Columbia. In order to exercise the option and acquire a 60% interest in the property Waterloo is required to make cash payments totalling \$510,000 (originally \$500,000), issue 750,000 (originally 350,000) common shares and make exploration expenditures of \$3,000,000 (no change) over a period of five years. A 1% NSR is reserved for Eagle Plains. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 10,000		\$ -	On signing of formal agreement (received)

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

m) **Ice River - continued**

Cash Payments	Share Payments	Exploration Expenditures	Due Date
20,000	100,000	-	Sept 27, 2009 (received)
25,000	100,000	200,000	Sept 27, 2010 (received)(completed)
25,000	100,000	50,000	Sept 27, 2011 (received)(completed)
50,000	150,000	500,000	Sept 27, 2012
120,000	100,000	1,000,000	Sept 27, 2013
260,000	200,000	1,250,000	Sept 27, 2014
<u>\$ 510,000</u>	<u>750,000</u>	<u>\$ 3,000,000</u>	

- n) **Iron Range Project:** On April 21, 2010, the Company completed an option agreement with Providence Capital Corp (“Providence”) whereby Providence may earn a 60% interest in the property, located in British Columbia, by making exploration expenditures of \$3,000,000 and completing payments of 1,000,000 shares and \$500,000 cash by the fourth anniversary. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 25,000	100,000	\$ -	On Approval date - June 3, 2010 (received)
-	-	200,000	December 31, 2010 (completed)
50,000	100,000	-	June 3, 2011 (received)
-	-	300,000	December 31, 2011 (completed)
75,000	200,000	-	June 3, 2012
-	-	500,000	December 31, 2012
150,000	300,000	-	June 3, 2013
-	-	2,000,000	December 31, 2013
200,000	300,000	-	June 3, 2014
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- o) **Justin (Sprogge) Project:** On January 28, 2011, Aben Resources Ltd. (“Aben”) entered into an Acquisition Agreement whereby Aben will acquire a 100% interest in the Justin project, located in the eastern Yukon Territory, in consideration for 3,500,000 common shares of Aben to Eagle Plains. The project shall be subject to a three percent (3%) net smelter return royalty (“NSR”) in favour of Eagle Plains. Aben has been granted a right to purchase a 2% NSR at any time prior to commencement of commercial production for the consideration of \$2,000,000 (the “Buy Down Option”). Aben agrees to pay Eagle Plains a yearly minimum advanced royalty of \$25,000 commencing January 1, 2015.

- p) **K-9 Project:** On May 9, 2011, Eagle Plains and Bluefire Mining Corp. (“Bluefire”) (a private B.C. company) entered into an agreement whereby Bluefire may earn a 60% interest in the K-9 copper-gold property, located in south-eastern British Columbia. Under terms of the agreement, Bluefire has the option to earn a 60% interest in property by completing \$5,000,000 in exploration expenditures, making \$500,000 in cash payments, and issuing 1,000,000 common shares to Eagle Plains over 5 years. Eagle Plains will maintain a 4% Gross Metal Royalty on the claims, which may be reduced to 2% upon payment of \$2,000,000. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 25,000	100,000	\$ 100,000	On approval date (expenditures completed)
-	-	200,000	1 st anniversary of approval date
25,000	100,000	-	2 nd anniversary of approval date
75,000	100,000	500,000	3 rd anniversary of approval date

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

p) **K-9 Project - continued**

Cash	Share	Exploration	
Payments	Payments	Expenditures	<u>Due Date</u>
125,000	200,000	1,200,000	4th anniversary of approval date
250,000	500,000	3,000,000	5 th anniversary of approval date
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 5,000,000</u>	

- q) **Kalum Project:** On November 13, 2009, Eagle Plains Resources Ltd. and Windstorm Resources Inc. (“Windstorm”) entered into an option agreement on the property. Under terms of the agreement, Windstorm may earn a 60% interest in the property by completing \$3,000,000 in exploration expenditures, making \$400,000 in cash payments, and issuing 500,000 voting class common shares to Eagle Plains. Windstorm terminated the agreement May 31, 2011. During the term of the agreement the Company received \$10,000 cash and 50,000 shares of Windstorm.

On January 17, 2012 the Company completed an option agreement whereby Clemson Resources Corp. (“Clemson”) can earn a 60% interest in Eagle Plains’ 100% owned mineral property, located in north-central British Columbia, by making exploration expenditures of \$3,000,000 and completing payments of 1,100,000 shares and \$250,000 cash over the four year period commencing on the date of Exchange Approval. There is a 1% underlying NSR payable to a third party. Payments are due as follows:

Cash	Share	Exploration	
Payments	Payments	Expenditures	<u>Due Date</u>
\$ 15,000	-	\$ -	On exchange approval
-	200,000	-	6 months from effective date
25,000	100,000	-	First anniversary of exchange approval
-	-	200,000	December 31, 2012
60,000	200,000	-	Second anniversary of exchange approval
-	-	500,000	December 31, 2013
75,000	300,000	-	Third anniversary of exchange approval
-	-	800,000	December 31, 2014
75,000	300,000	-	Fourth anniversary of exchange approval
-	-	1,500,000	December 31, 2015
<u>\$ 250,000</u>	<u>1,100,000</u>	<u>\$ 3,000,000</u>	

- r) **Karin Lake Project:** On June 15, 2010, Eagle Plains and Slater Mining Corporation (“Slater”) entered into an option agreement on the Karin Lake property located 40 km east of Cameco’s Key Lake deposit in north-central Saskatchewan. Under terms of the agreement, Slater may earn a 60% interest in the property by completing \$3,000,000 in exploration expenditures, making \$500,000 in cash payments, and issuing 1,000,000 common shares to Eagle Plains over four years. Payments are due as follows:

Cash	Share	Exploration	
Payments	Payments	Expenditures	<u>Due Date</u>
\$ 10,000	-	\$ -	Date of agreement (received)
15,000	100,000	-	On exchange approval – Sept 16, 2010 (received)
-	-	200,000	December 31, 2010
50,000	100,000	-	June 15, 2011 (received)
-	-	300,000	December 31, 2011
75,000	200,000	-	June 15, 2012
-	-	500,000	December 31, 2012

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

r) **Karin Lake Project - continued**

Cash	Share	Exploration	
Payments	Payments	Expenditures	Due Date
100,000	300,000	-	June 15, 2013
-	-	750,000	December 31, 2013
250,000	300,000	-	June 15, 2014
-	-	1,250,000	December 31, 2014
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- s) **Rohan Project:** On February 21, 2011, Eagle Plains Resources Ltd. and Rosedale Resources Ltd. ("Rosedale") (a private B.C. company) entered into an agreement whereby Rosedale may earn an interest in the Rohan copper-gold property, located in north-western British Columbia. Under terms of the agreement, Rosedale has the option to earn a 60% interest in property by completing \$5,000,000 in exploration expenditures, making \$500,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains over 5 years. Eagle Plains will maintain a 4% Gross Metal Royalty on the claims, which may be reduced to 2% upon payment of \$2,000,000. Payments are due as follows:

Cash	Share	Exploration	
Payments	Payments	Expenditures	Due Date
\$ 25,000	100,000	\$ 100,000	On approval date
-	-	200,000	1 st anniversary of approval date
25,000	100,000	-	2 nd anniversary of approval date
75,000	100,000	500,000	3 rd anniversary of approval date
125,000	200,000	1,200,000	4 th anniversary of approval date
250,000	500,000	3,000,000	5 th anniversary of approval date
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 5,000,000</u>	

- t) **Rusty Springs Project:** On February 25, 2011, Eagle Plains Resources Ltd. and Aben Resources Ltd. ("Aben") entered into an Agreement whereby Aben may earn a 100% interest in the Rusty Springs Property, located north of Dawson City, Yukon. Under terms of the agreement, Aben has the option to earn a 100% interest in the property by making \$500,000 in cash payments and issuing 1,500,000 common shares to Eagle Plains over 5 years. The property shall be subject to a three percent (3%) net smelter return royalty ("NSR") in favour of Eagle Plains. Aben has been granted a right to purchase a 2% NSR at any time prior to commencement of commercial production for the consideration of \$2,000,000 (the "Buy Down Option"). Aben agrees to pay Eagle Plains a yearly minimum advanced royalty of \$25,000 commencing January 1, 2015.

Cash	Share	
Payments	Payments	Due Date
\$ 25,000	250,000	On approval date - March 15, 2011 (received)
25,000	250,000	December 31, 2011 (received)
75,000	250,000	December 31, 2012
100,000	250,000	December 31, 2013
125,000	250,000	December 31, 2014
150,000	250,000	December 31, 2015
<u>\$ 500,000</u>	<u>1,500,000</u>	

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

- u) **Sphinx Project:** On July 16, 2009 the Company executed a property purchase agreement with Touchdown Capital Inc. ("TCI") whereby TCI may purchase a 100% interest in the Sphinx copper-gold-molybdenum project, located 50km west of Kimberley, British Columbia, by allotting and issuing to Eagle Plains 2,000,000 common shares of TCI within five business days following the date of Exchange Approval. The shares will be held in escrow and will be released from escrow as to 200,000 shares on the closing date and as to 300,000 shares every six months thereafter. The Company has received shares according to the schedule below. The property is subject to a 2.5% NSR to a third party and a 1% NSR to Eagle Plains, to a maximum of \$2, 000,000.

Shares to be released from escrow as follows:

<u>Share Instalments</u>	<u>Due Date</u>
200,000	October 15, 2009 (released)
300,000	April 15, 2010 (released)
300,000	October 15, 2010 (released)
300,000	April 15, 2011 (released)
300,000	October 15, 2011 (released)
300,000	April 15, 2012 (released- subsequent to year-end)
300,000	October 15, 2012
<u>2,000,000</u>	

- v) **Titan Project:** On December 9, 2010, Eagle Plains Resources Ltd. and Drexel Capital Corp ("Drexel" – subsequently renamed Blue Gold Mining Inc. ("Blue Gold")) entered into an agreement whereby Blue Gold may earn an interest in the Titan property, located in north-western British Columbia. Under terms of the agreement, Blue Gold has the option to earn a 60% interest in the property by completing \$3,000,000 in exploration expenditures, making \$500,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains over 4 years. Payments are due as follows:

<u>Cash</u>	<u>Share</u>	<u>Exploration</u>	<u>Due Date</u>
<u>Payments</u>	<u>Payments</u>	<u>Expenditures</u>	
\$ 25,000	100,000	\$ -	On approval date (July 4, 2011) received
-	-	200,000	December 31, 2011 (completed)
50,000	100,000	-	1 st anniversary of approval date
-	-	300,000	December 31, 2012
75,000	200,000	-	2 nd anniversary of approval date
-	-	500,000	December 31, 2013
150,000	300,000	-	3 rd anniversary of approval date
-	-	2,000,000	December 31, 2014
200,000	300,000	-	4 th anniversary of approval date
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

The property is subject to a 1.5% NSR to a third party, of which 2/3rds may be purchased for \$1,000,000.

- w) **Vulcan Project:** On October 24, 2011, Eagle Plains entered into an agreement with Navy Resources Corp. ("Navy") whereby Navy may earn an undivided 60% interest in Eagle Plains' Vulcan Property located in south eastern British Columbia. Under terms of the agreement, Navy will complete exploration expenditures of \$3,000,000 make cash payments of \$250,000 and issue 1,000,000 common shares to EPL over a four year period. Payments are due as follows:

<u>Cash</u>	<u>Share</u>	<u>Exploration</u>	<u>Due Date</u>
<u>Payments</u>	<u>Payments</u>	<u>Expenditures</u>	
\$ 15,000	100,000	\$ -	Date of Exchange approval
-	-	100,000	December 31, 2011 (completed)

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

6. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

w) **Vulcan Project – continued**

Cash Payments	Share Payments	Exploration Expenditures	Due Date
25,000	-	-	1 year from date of exchange approval
-	100,000	200,000	18 months from date of exchange approval
60,000	-	-	2 years from date of exchange approval
-	200,000	500,000	30 months from date of exchange approval
75,000	-	-	3 years from date of exchange approval
-	300,000	800,000	42 months from date of exchange approval
75,000	-	-	4 years from date of exchange approval
-	300,000	1,400,000	54 months from date of exchange approval
\$ 250,000	1,000,000	\$ 3,000,000	

- x) **Wildhorse Project:** On September 1, 2011, Eagle Plains Resources Ltd. and Turnberry Resources Ltd. ("Turnberry") (a private BC company) entered into an option agreement on Eagle Plains' 100% owned Wildhorse project located 40km north of Cranbrook, B.C. Under the terms of the Agreement, Turnberry may earn a 60% interest in the property by completing \$4,900,000 in exploration expenditures, making \$495,000 in cash payments and issuing 950,000 shares to EPL over 5 years. Turnberry is entitled to earn a further 15% interest, for an aggregate 75% interest, by making all expenditures required to deliver a bankable Feasibility Study no later than the eighth anniversary of the date of regulatory approval of the Qualifying Transaction. The property shall be subject to a four percent (4%) net smelter return royalty ("NSR") in favour of Eagle Plains, which may be reduced to 2% upon payment of \$2,000,000. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 20,000	50,000	\$ -	On approval date
-	-	200,000	1 st anniversary of approval date
25,000	100,000	-	2 nd anniversary of approval date
75,000	100,000	500,000	3 rd anniversary of approval date
125,000	200,000	1,200,000	4 th anniversary of approval date
250,000	500,000	3,000,000	5 th anniversary of approval date
\$ 495,000	950,000	\$ 4,900,000	

7. Mortgage payable

	Dec 31 2011	Dec 31 2010	Jan 1 2010
Mortgage, secured by land and building, repayable in monthly payments of \$1,888 including interest at 5.75%, maturing March 2015	\$ 228,122	\$ 296,368	\$ -

During the year ended December 31, 2011 the Company made a lump sum payment of \$60,000 (on the first anniversary date) and paid \$14,407 (2010 - \$12,416) in interest.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

8. Equity Instruments

a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

	Number of shares	Amount	Contributed Surplus
Balance, January 1, 2010	76,614,370	\$ 24,168,174	\$ 2,237,216
Issuance of shares -exercise of options	1,532,500	356,522	-
Issuance of shares -exercise of warrants	2,081,512	562,223	-
Issuance of shares -mineral properties	2,000,000	240,000	-
Fair value of options exercised	-	443,242	(443,242)
Fair value of warrants exercised	-	41,996	(49,716)
Shares to be cancelled	15,000	-	-
Share issue costs	-	(4,076)	-
Share-based payment	-	-	1,932,399
Balance, December 31, 2010	82,243,382	25,808,081	3,676,657
Issued shares on exercise of options	275,000	63,950	-
Issued shares on exercise of warrants	735,287	192,836	-
Fair value of options exercised	-	127,301	(127,301)
Fair value of warrants exercised	-	31,789	(31,789)
Share-based payment	-	-	39,598
Spin-out to Yellowjacket (Note 20)	-	(4,409,644)	-
Shares cancelled	(15,000)	-	-
Balance, December 31, 2011	83,238,669	\$ 21,814,313	\$ 3,557,165

2010 share issuance

In the third quarter, the Company issued 2,000,000 shares, valued at \$240,000, to Prize Mining Corporation as part of the purchase price for the remaining beneficial right, title and interest in the Yellowjacket Project, including mineral and placer rights, and all equipment and infrastructure in place on the Yellowjacket mine site.

In the fourth quarter, the Company issued 2,081,512 shares on the exercise of purchase warrants with exercise prices of \$0.18 to \$0.30 resulting in proceeds to the Company of \$562,223.

In the fourth quarter, the Company issued 1,532,500 shares on the exercise of employee options with exercise prices of \$0.25 to \$0.40 resulting in proceeds to the Company of \$356,522. The weighted average trading price at date of exercise was \$0.63.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

8. Equity Instruments - continued

b) Issued and outstanding - continued

2011 share issuance

In the first quarter, the Company issued 457,787 shares on the exercise of purchase warrants with exercise prices of \$0.30 resulting in proceeds to the Company of \$133,336.

In the first quarter, the Company issued 130,000 shares on the exercise of employee options with exercise prices of \$0.25 to \$0.40 resulting in proceeds to the Company of \$36,250. The weighted average trading price at date of exercise was \$0.55.

In the second quarter, the Company issued 266,250 shares on the exercise of purchase warrants with exercise prices of \$0.20 and \$0.30 resulting in proceeds to the Company of \$57,250.

In the second quarter, the Company issued 145,000 shares on the exercise of employee options with exercise prices of \$0.40 and \$0.25 resulting in proceeds to the Company of \$27,700. The weighted average trading price at date of exercise was \$0.28.

In the third quarter, the Company issued 11,250 shares on the exercise of purchase warrants with exercise prices of \$0.20 resulting in proceeds to the Company of \$2,250.

In the fourth quarter, 15,000 shares were cancelled as the original share certificate was lost.

c) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

On June 9, 2006, the shareholders approved a plan of arrangement to reorganize the Company's exploration and evaluation assets in an effort to maximize shareholder value. Per the Plan of Arrangement, all option holders of record in Eagle Plains received, in addition to an Eagle Plains share, one share of Copper Canyon Resources Ltd. ("Copper Canyon") when the option is exercised. Proceeds from the exercise of options will be split between Eagle Plains 40.65% and Copper Canyon 59.35%. At December 31, 2011, all options subject to the Plan of Arrangement have been exercised or expired.

As at **December 31, 2011**, the Company has the following stock options outstanding:

Total issued and outstanding	Number of Options	Option Price per Share Range	Weighted Average Exercise Price
Balance, January 1, 2010	5,333,000	\$0.40	\$0.40
Options issued	5,640,000	\$0.25 - \$1.00	\$0.50
Options exercised	(1,532,500)	\$0.25 - \$0.40	\$0.36
Options expired/cancelled	(1,618,000)	\$0.40	\$0.40
Balance, December 31, 2010	7,822,500	\$0.25 - \$1.00	\$0.48
Options exercised	(275,000)	\$0.25 - \$0.40	\$0.32
Options expired/cancelled	(895,000)	\$0.25 - \$1.00	\$0.41
Balance, December 31, 2011	6,652,500	\$0.25 - \$1.00	\$0.50

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

8. Equity Instruments - continued

c) Stock Option Plan- continued

The following table summarizes information about stock options outstanding at **December 31, 2011**:

Options outstanding Dec 31, 2011	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
175,000	\$0.40	0.25 years	175,000	\$0.40*
110,000	\$0.40	0.25 years	110,000	\$0.40*
950,000	\$0.40	1.50 years	950,000	\$0.40
560,000	\$0.40	2.50 years	560,000	\$0.40
1,977,500	\$0.25	3.50 years	1,977,500	\$0.25
1,075,000	\$0.25	3.75 years	1,075,000	\$0.25
1,805,000	\$1.00	4.00 years	1,805,000	\$1.00
6,652,500	\$0.50		6,652,500	\$0.50

* subsequent to year-end these options expired, unexercised.

The following table summarizes information about stock options outstanding at December 31, 2010:

Options Outstanding Dec 31, 2010	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
95,000	\$0.40	0.50 years	95,000	\$0.40
525,000	\$0.40	1.00 years	525,000	\$0.40
175,000	\$0.40	1.25 years	175,000	\$0.40
110,000	\$0.40	1.25 years	110,000	\$0.40
1,050,000	\$0.40	2.50 years	1,050,000	\$0.40
600,000	\$0.40	3.50 years	600,000	\$0.40
2,197,500	\$0.25	4.50 years	955,000	\$0.25
1,180,000	\$0.25	4.75 years	1,180,000	\$0.25
1,890,000	\$1.00	5.00 years	1,890,000	\$1.00
7,822,500	\$0.48		6,580,000	\$0.53

d) Compensation expense for share options

As at December 31, 2011, \$39,598 (2010 – \$1,932,399) has been recorded as stock based compensation related to the options vested during the year. Compensation expense has been determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period. The Company valued the options issued using the Black-Scholes model with the following weighted average assumptions:

	2011	2010
Expected annual volatility	NA	100%
Expected risk free rate	NA	2.6%
Expected term	NA	5 yrs
Expected dividends	NA	Nil
Fair value:	NA	\$0.35

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

8. Equity Instruments - continued

e) Warrants outstanding

At **December 31, 2011**, the Company has the following share purchase warrants outstanding:

	Number	Price
Balance, January 1, 2010	13,261,440	\$0.18 - \$1.00
Expired	(5,241,300)	(\$1.00)
Exercised	(2,081,512)	(\$0.18 - \$0.30)
Balance, December 31, 2010	5,938,628	\$0.20 - \$0.30
Exercised	(735,287)	(\$0.20 - \$0.30)
Expired	(5,203,341)	(\$0.30)
Balance, December 31, 2011	-	-

f) Shareholder rights protection plan

The shareholders have approved a plan which the directors intend to implement at their discretion to provide adequate time for the shareholders and the directors to seek alternatives to, and to assess the merits of, bids for the shares of the Company. This plan attaches special rights to the issued shares of the Company. These special rights are void to a bidder who seeks to acquire more than 20% of the voting shares of the Company.

9. Per Share Amounts

The calculation of per share amounts have been calculated based on the weighted average number of shares outstanding during the year ended December 31, 2011 of 83,065,215 shares (2010 – 77,551,515). The net effect of applying the treasury-stock method to the weighted average number of shares outstanding had an anti-dilutive effect for the years ended December 31, 2011 and 2010.

10. Related Party Transactions

The Company was involved in the following related party transactions during the year:

- (a) The Company is related to Apex Diamond Drilling Ltd. ("Apex") through ownership of 10% of the shares of Apex. Eagle Plains' interest in Apex is as follows:

	Dec 31, 2011	Dec 31, 2010	Jan 1, 2010
Shareholder loan, interest free, no specific terms of repayment	\$ 20,000	\$ 20,000	\$ 20,000
Shares in Apex	20	20	20
	\$ 20,020	\$ 20,020	\$ 20,020

During the year the Company had the following transactions with the related company:

	Dec 31, 2011	Dec 31, 2010
Drilling services provided by Apex	\$ 453,911	\$ 59,271
Proceeds received from Apex on sale of equipment	-	48,000
Share of income, included in 'other income'	94,000	-

At December 31, 2011, \$105,280 (2010- nil) is included in accounts receivable.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

10. Related Party Transactions - continued

- (b) The Company is related to Omineca Mining and Metals Ltd. ("OMM") through common directors. During the year the Company had the following transactions with the related company:

	<u>2011</u>	<u>2010</u>
Invoiced OMM for services provided by EPL	\$ 113,257	-
Invoiced OMM for services provided by TerraLogic	\$ 281,048	-

At December 31, 2011, \$12,930 (2010 - \$nil) is included in accounts receivable.

Compensation to key management

- (a) Included in administration expenses is \$35,500 (2010 - \$7,802) paid for accounting services and related expenses to Glen Diduck, a director and officer of the Company.
- (b) Included in professional fees is \$201,079 (2010 - \$63,536) paid for legal fees to a law firm of which one of the directors, Darren Fach, is a partner.
- (c) Included in administration expenses is \$30,000 (2010 - \$32,250) paid for directors fees.
- (d) Included in administration expenses is \$100,000 (2010 - \$84,000) paid for consulting fees to Toklat Resources Inc., a company owned by Tim Termuende, a director and officer of the Company.
- (e) Share-based compensation paid to key management totaled \$19,122 (2010 - \$1,280,765).

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

11. Commitments and Contingencies

The Company has a mortgage on its office building repayable in monthly payments of \$1,888 including interest at 5.75% which matures in March 2015.

The Company has a truck lease payable of \$1,153 per month expiring September 29, 2012.

The Company is presently being audited by Canada Revenue Agency with respect to flow-through and BC mining tax credit filings going back through 2005. At December 31, 2011 a payable of \$118,977 has been accrued.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

12. Financial Instruments

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

December 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 6,196,247	\$ -	\$ -	\$ 6,196,247
Investments	\$ 2,456,770	\$ 607,596	\$ 192,293	\$ 3,256,659
<hr/>				
December 31, 2010				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 3,633,401	\$ -	\$ -	\$ 3,633,401
Investments	\$ 3,408,392	\$ 2,064,023	\$ 477,000	\$ 5,949,415
<hr/>				
January 1, 2010				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 2,741,680	\$ -	\$ -	\$ 2,741,680
Investments	\$ 2,710,370	\$ 341,135	\$ 477,001	\$ 3,528,506

As disclosed in Note 3(c), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk and price risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a) Concentration risk

At December 31, 2011 and 2010, substantially all of the Company's cash was held at two recognized Canadian National financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies, involved in gold exploration.

b) Credit risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with accounts receivable is the carrying value.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

12. Financial Instruments- continued

d) Currency risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2011 the Company has cash of \$20,796 (2010 - \$18,662) in US\$.

e) Price risk

The Company's investments designated as available-for-sale are traded on the TSX Venture Exchange and TSE. A 1% change in the cumulative quoted share price would change the fair value of the investments by approximately \$37,000. The change would be recorded in Accumulated Other Comprehensive Income (Loss).

13. Statement of Cash Flow

Non-cash investing activities:

- a) Pursuant to certain mineral property option agreements, the Company received 8,380,000 (2010 – 2,900,000) shares with an attributed value of \$1,637,000 (2010 - \$1,488,248).

Non-cash finance activities:

- a) Pursuant to a Debt Settlement Agreement with Blackrock Resources Ltd the Company received 1,048,619 common shares of Blackrock in satisfaction of debt owing of \$157,292.
b) The Company received 4,896,392 shares of Yellowjacket Resources Ltd. with an attributed value of \$600,000 per the Yellowjacket Spin-out Plan of Arrangement. (Note 20)
c) The Company transferred 150,000 shares of Aben Resources Ltd. valued at \$39,000 to a third party per an underlying option agreement on the Justin property.

At December 31, 2011, the Company held cashable guaranteed investment certificates (GIC's) and term deposits bearing interest rates of 1.20% (2010 – 0.80% to 1.08%) with maturity terms of January 16, 2012 to January 30, 2012 (2010– January 6, 2011 to January 25, 2011). All of these investments are cashable before maturity and have been treated as cash equivalents.

14. Income Taxes

As of December 31, 2011, the effective tax rate of income tax varies from the statutory rate as follows:

	2011	2010
Statutory tax rates	26.50%	28.50%
Expected income tax expense at statutory rates	\$958,050	\$(281,003)
Share-based payments	10,493	550,734
Loss (gain) on sale of long-term investments	(129,915)	(109,536)
Adjustment to opening tax pools	-	-
Rate change	(47,572)	(19,991)
Tax benefits recognized	(213,738)	(391,853)
Change in valuation allowance	(304,155)	(132,120)
Other permanent differences	1,805	2,589
	\$274,968	\$(381,180)

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

14. Income Taxes - continued

The components of the Company's deferred income tax liability are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of temporary differences	2011	2010
Property and equipment	\$ 206,462	\$ 363,604
Investments	103,443	(274,968)
Unused tax losses carried forward	220,240	721,982
Cumulative eligible capital	2,524	2,714
Share issue costs	23,022	46,514
Deferred income tax	555,691	859,846
Unrecognized deferred tax assets	(555,691)	(859,846)
Deferred income tax liability	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2011, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	2011	2010
Undepreciated capital cost	\$1,300,992	\$2,272,192
Cumulative eligible capital	10,091	10,851
Non-capital losses carried forward	880,960	2,887,927
Cumulative Canadian exploration and development expenses	3,479,750	4,845,735
Undeducted share issue costs carried forward	92,090	186,057
	<u>\$ 5,763,883</u>	<u>\$ 10,202,762</u>

At December 31, 2011 the non-capital tax losses of \$1,135,989 available for carry-forward to reduce future years' taxable income, expires as follows:

2030	\$ 880,960
2031	-
	<u>\$ 880,960</u>

15. Accumulated other comprehensive income

A deferred income tax liability of \$nil (December 31, 2010 - \$234,368, January 1, 2010 - \$40,600) has been recorded as a result of the accumulated other comprehensive gain. The balance of accumulated other comprehensive income is entirely comprised of unrealized gains and losses on available for sale investments.

16. Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, contributed surplus and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

December 31, 2011 and 2010

16. Capital management- continued

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

17. Transition to IFRS

First time adoption of IFRS - The Company's consolidated financial statements for the year ending December 31, 2011 are the first annual financial statements prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all IFRS standards as of the reporting date, which for the Company will be December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for the first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

The IFRS applicable exemptions and exceptions applied in the conversion to IFRS are as follows:

Share-based payments – IFRS 2, *Share-based Payments*, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

IFRS 2 requires stock option payments to employees be measured based on fair values of the awards. For share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. As a result, the fair value of the options granted shall be estimated by applying an option pricing model.

The Company issues stock-based awards in the form of stock options that vest over a one to five year period. Under IFRS 2 the fair value of each tranche of the award is considered a separate grant based on the vesting period with the fair value of each tranche determined separately and recognized as compensation expense over the term of its respective vesting period.

Property, Plant and Equipment - Under IAS 16 an entity can elect to account for each class of property, plant and equipment using either the cost model or the revaluation model. The Company has chosen to use the cost model where an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Exploration and Evaluation Expenditures - Under IFRS 6: Exploration and Evaluation of Mineral Resources, mining companies are allowed to retain their existing policies for the capitalization of exploration and evaluation costs until guidance that is more definitive is developed in this area. The Company has in the past capitalized exploration and evaluation costs prior to the establishment of ore reserves which would support the economic viability of the project and will continue this policy.

December 31, 2011 and 2010

17. Transition to IFRS - continued

Reconciliation of IFRS to GAAP

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with respect to recognition, measurement and disclosure. The restatement from Canadian GAAP to IFRS had no significant effect on the reported cash flows generated by the Company. However, adoption of IFRS resulted in changes to the Company's Statement of Financial Position, Statement of Income (Loss) and Statement in Changes in Equity as set out below.

Notes to the reconciliations:

- (a) There is an option to apply IFRS 2, Share-Based Payments, to all equity instruments granted on or before November 7, 2002, and to those granted after November 7, 2002 only if they had not vested by the transition date. The Company has applied IFRS 2 to all equity instruments granted after November 7, 2002 that had not vested as of January 1, 2010.

IFRS 2 was applied to unvested stock options granted prior to the transition date of January 1, 2010. Consequently, as a result of the difference in measurement of the share-based compensation at January 1, 2010, where IFRS requires the fair value of each tranche of stock options to be considered a separate grant based on the vesting period with the fair value of each tranche determined separately and recognized as compensation expense over the term of its respective vesting period; compared with Canadian GAAP that values the stock options as a single grant; an adjustment of \$23,308 was recorded to increase opening deficit and increase contributed surplus.

- (b) Flow-through shares

Under pre-changeover Canadian GAAP, the entire proceeds from the issuance of flow-through shares were recognized in equity less the tax effects of renunciation. Under IFRS, on issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

As a result, for issuances of flow-through shares for which expenditures have been incurred, share capital was increased by \$692,727 at the date of transition (December 31, 2010 - \$211,535), contributed surplus was decreased by \$628,869 at the date of transition (December 31, 2010 - \$Nil) and retained earnings were decreased by \$212,029 (December 31, 2010 - \$52,880). The impact on net income for the year-ended December 31, 2010 was \$(63,364).

Where flow-through shares were issued but expenditures not incurred by the end of the reporting period, a liability is shown in 'other liabilities'. This resulted in a liability of \$148,171 at the date of transition (December 31, 2010 - \$Nil).

- (c) Adjustment for change

Adjustment for change of accounting policy for valuation of equity units issued in private placements (see Significant Accounting Policies Note 3(m)).

December 31, 2011 and 2010

17. Transition to IFRS - continued

Effective January 1, 2011, the Company changed its accounting policy with respect to the valuation of equity units issued in private placements.

The Company previously valued warrants issued in conjunction with equity units first, using the Black-scholes pricing model and the residual value assigned to share capital. If the warrants expired unexercised, the value attributed to the warrants was attributed to share capital. The Company has changed its policy to value shares first, using market values, and the residual if any, assigned to warrants. If the warrants expire unexercised, the value attributable to the warrants is attributed to retained earnings.

The impact of the change in accounting policy as at January 1, 2010 and December 31, 2010 is an increase of share capital within the Statement of Financial Position of \$466,516 respectively with a corresponding decrease in contributed surplus.

For warrants which expired or exercised subsequent to the date of transition, the impact of the change in accounting policy as at December 31, 2010 is a decrease in share capital of \$628,663, increase in contributed surplus of \$620,943 and an increase in retained earnings of \$7,720. There was no impact as at January 1, 2010.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(Expressed in Canadian dollars)

Reconciliations for IFRS

<u>Reconciliation of Assets, Liabilities & Equity</u>	<u>As at January 1, 2010</u>			<u>As at December 31, 2010</u>		
		Effect of transition			Effect of transition	
Cash and cash equivalents	2,741,680	-	2,741,680	3,633,401	-	3,633,401
Accounts receivable	751,883	-	751,883	544,543	-	544,543
Subscriptions receivable	25,900	-	25,900	-	-	-
Mineral exploration tax credits recoverable	54,790	-	54,790	54,790	-	54,790
Investments	<u>2,369,771</u>	-	<u>2,369,771</u>	<u>3,066,538</u>	-	<u>3,066,538</u>
	5,944,024		5,944,024	7,299,272		7,299,272
Investment in and advances to related company	20,020	-	20,020	20,020	-	20,020
Long term investments	1,158,735	-	1,158,735	2,882,877	-	2,882,877
Property and equipment	1,997,987	-	1,997,987	2,204,810	-	2,204,810
Exploration and evaluation assets	<u>5,567,283</u>	-	<u>5,567,283</u>	<u>5,097,572</u>	-	<u>5,097,572</u>
	<u>14,688,049</u>		<u>14,688,049</u>	<u>17,504,551</u>		<u>17,504,551</u>
Liabilities and Shareholder's Equity						
Current						
Accounts payable and accrued liabilities	343,151	-	343,151	666,875	-	666,875
Other liabilities	-	148,171	148,171	-	-	-
	<u>343,151</u>		<u>491,322</u>	<u>666,875</u>		<u>666,875</u>
Mortgage payable	-	-	-	<u>296,368</u>	-	<u>296,368</u>
Non-controlling interest	<u>1,314,602</u>	-	<u>1,314,602</u>	-	-	-
Shareholder's equity						
Share capital	23,008,931	1,159,243	24,168,174	25,065,966	742,115	25,808,081
Contributed surplus	3,309,293	(1,072,077)	2,237,216	4,151,099	(474,442)	3,676,657
Accumulated other comprehensive loss	284,196	-	284,196	1,924,773	-	1,924,773
Deficit	<u>(13,572,124)</u>	<u>(235,337)</u>	<u>(13,807,461)</u>	<u>(14,600,530)</u>	<u>(267,673)</u>	<u>(14,868,203)</u>
	<u>13,030,296</u>		<u>12,882,125</u>	<u>16,541,308</u>		<u>16,541,308</u>
	<u>14,688,049</u>		<u>14,688,049</u>	<u>17,504,551</u>		<u>17,504,551</u>

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

Reconciliation of income (loss) for the year ended:

	December 31, 2010		
	Previous	Effect of	IFRS
	Canadian	Transition	
	GAAP	to IFRS	
Revenue			
Geological services	\$2,347,050		\$2,347,050
Gold sales	102,131		102,131
	<u>2,449,181</u>		<u>2,449,181</u>
Cost and Expenses of Operations			
Geological expenses			
Services	1,479,182		1,479,182
Amortization	84,332		84,332
Salaries and subcontractors	315,705		315,705
	<u>(1,879,219)</u>		<u>(1,879,219)</u>
Mining expenses			
Cost of sales	-		-
Amortization	257,687		257,687
	<u>(257,687)</u>		<u>(257,687)</u>
Gross profit (loss)	<u>312,275</u>		<u>312,275</u>
Expenses			
Administration costs	988,872		988,872
Amortization	39,568		39,568
Professional fees (Note 8)	136,149		136,149
Public company costs	49,578		49,578
Share-based payments	1,955,707	(23,308)	1,932,399
Trade shows, travel and promotion	127,525		127,525
Write down of mineral properties	47,343		47,343
	<u>(3,344,742)</u>		<u>(3,321,434)</u>
Loss before other items	(3,032,467)		(3,009,159)
Other items			
Option proceeds in excess of carrying value	1,100,235		1,100,235
Other income	98,821		98,821
Investment income	7,458		7,458
Loss on disposal of equipment	47,999		47,999
Gain (loss) on sale of investments	768,672		768,672
	<u>(1,009,282)</u>		<u>(985,974)</u>
Loss before non-controlling interest	(1,009,282)		(985,974)
Non-controlling interest	(463,668)		(463,668)
Loss before income tax	(1,472,950)		(1,449,642)
Deferred income tax recovery	444,544	(63,364)	381,180
Net loss for the period	<u>(1,028,406)</u>		<u>(1,068,462)</u>
Other comprehensive income	1,640,577		1,640,577
Total comprehensive income (loss)	<u>612,171</u>		<u>572,115</u>

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

18. Non-controlling Interest

The Company entered into a Joint Venture Agreement (“JVA”) with Prize Mining Ltd. (“Prize Mining”) in May 2009 whereby the two parties formed a joint venture, Yellowjacket Joint Venture, to facilitate the production of gold and conduct further exploration and development of the Yellowjacket Zone on the Atlin Gold Property. Eagle Plains purchased a 40% interest in the project by providing \$2,000,000 in working capital. A cash call was made in July which Prize Mining was unable to satisfy whereby Eagle Plains increased their interest in the joint venture from 40% to 52.244% by providing \$1,350,000. A second cash call was made on December 15, 2009 which Prize Mining was again unable to satisfy whereby Eagle Plains increased their interest in the joint venture from 52.244% to 58% by providing the full \$862,564. In light of Prize Mining’s diluted interest and inability to satisfy the cash calls, the Company determined that it had acquired control of the joint venture. Accordingly, the Company consolidated the results of the joint venture with those of the Company.

On August 19th, 2010, Eagle Plains Resources Ltd. completed the purchase of Prize Mining Corp’s remaining interest in the Yellowjacket Joint Venture (“YJV”) with an effective date of August 18th, 2010. Eagle Plains now held a 100% interest in the project, subject to a 1.5% NSR. The YJV has been dissolved and Eagle Plains is the sole owner and operator of the project.

Under the terms of the original JVA, Eagle Plains earned an initial 40% interest in the Project from Prize by making a \$2,000,000 cash payment. Since commencing activities, Eagle Plains has advanced the JV an additional amount of approximately \$2,600,000. Prize Mining subsequently agreed to accept dilution of its interest in the project in accordance with a formula established in the YJV agreement. Prior to the purchase of the remaining Prize interest and dissolution of the YJV, Eagle Plains held a 59.62% interest. The total consideration for the purchase of Prize’s remaining 40.38% interest was \$400,000 cash plus 2,000,000 Eagle Plain common shares. These shares are subject to escrow restrictions over a two year period releasable as to 500,000 every six months commencing August 18, 2010. As at December 31, 2011, 1,500,000 of the escrow shares have been released and 500,000 shares remain in escrow.

Escrow shares to be released

August 18, 2010	500,000
February 18, 2011	500,000
August 18, 2011	500,000
February 18, 2012	500,000
	<u>2,000,000</u>

The non-controlling interest is summarized as follows:

Balance, December 31, 2008	\$ -
Non-controlling interest shareholder’s contribution	3,050,000
Operation sharing for the year	<u>(1,735,398)</u>
Balance, December 31, 2009	<u>1,314,602</u>
Operation sharing for the year	(91,613)
Reduction in mineral property costs	(1,046,657)
Cash paid by the Company	(400,000)
Shares issued by the Company	(240,000)
Loss on acquisition of non-controlling interest	<u>463,668</u>
Balance, December 31, 2010	<u>\$ -</u>

The reduction in minority interest of \$1,046,657 was recorded as a reduction in mineral property costs.

December 31, 2011 and 2010

19. Subsequent Events

On January 6, 2012, the Company issued 1,400,000 options to various directors, employees and consultants of the Company, with an exercise price of \$0.40 and expiry date of January 6, 2017. At the same time, the Company re-priced 1,805,000 options from an exercise price of \$1.00 and expiring December 10, 2015, setting a new exercise price of \$0.40. The vesting provisions and expiry dates of the re-priced options remain unchanged.

On January 19, 2012: Eagle Plains Resources Ltd and Clemson Resources Corp. entered into a formal option agreement whereby Clemson may earn an undivided 60% interest in Eagle Plains' 100% owned Kalum Property located approximately 35 km northwest of Terrace, British Columbia in the Skeena Mining Division. Under terms of the agreement, Clemson will complete exploration expenditures of \$3,000,000, make cash payments of \$250,000 and issue 1,100,000 common shares to EPL over a four year period.

On February 2, 2012: Eagle Plains Resources Ltd. and SinoGas West Inc. ("SinoGas") entered into a formal option agreement whereby Eagle Plains has agreed to grant an option to SinoGas to earn a 60% interest in EPL's 100% owned Eagle Lake uranium project located 28 km southeast of Cameco's Key Lake mining operation in north-central Saskatchewan, Canada. Under terms of the agreement, SinoGas will complete exploration expenditures of \$3,000,000, make cash payments of \$300,000 and issue 1,000,000 common shares to EPL over a four year period.

On March 12, 2012, Providence Resources Corp. (TSX-V: PV) ("Providence" or the "Company") and Eagle Plains Resources Ltd. (TSX-V:EPL) ("Eagle Plains") announced that Providence exercised its option with Eagle Plains and earned a 60% undivided right, title and interest in and to the Iron Range Project located near Creston, British Columbia. Providence earned its interest by making aggregate cash payments of \$500,000, issuing a total of 1,000,000 common shares and completing exploration expenditures of \$3,000,000.

In accordance with the terms of the option agreement, Providence and Eagle Plains are deemed to have formed a joint venture for exploration and development of the Iron Range Project. The parties have recently executed a formal joint venture agreement and are in advanced planning and permitting for a drilling program which is expected to commence on the property by late March.

20. Plan of Arrangement – Yellowjacket

The Arrangement was proposed to facilitate the separation of Eagle Plains' Yellowjacket Project located in British Columbia from its other base and precious metals exploration properties in Canada. This separation will enable Yellowjacket Resources Ltd. ("Yellowjacket") to focus on the development of the Yellowjacket Project and allow Eagle Plains to concentrate on separately financing and exploring the other exploration properties currently held by Eagle Plains.

Each Eagle Plains Shareholder, other than a Dissenting Shareholder, received one new common share in the capital of Eagle Plains ("Eagle Plains New Share") and one-third of a common share in the capital of Yellowjacket ("Yellowjacket Share") for each Eagle Plains common share ("Eagle Plains Share") held immediately prior to the Arrangement, where the Eagle Plains New Shares will be identical in every respect to the present Eagle Plains Shares. Eagle Plains owns fifteen percent (15%) of the issued and outstanding Yellowjacket Shares upon completion of the Arrangement. Details of the Arrangement are filed on SEDAR.

Pursuant to the Arrangement, Yellowjacket acquired the following assets from the Company. The transaction was recorded based on the carrying value of the assets at the date of transfer:

Yellowjacket Project	\$2,517,001
Cash	600,000
Investments	969,020
Property and equipment	773,101
Reclamation bond	<u>150,522</u>
	<u>\$5,009,644</u>

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2011 and 2010

20. Plan of Arrangement – Yellowjacket - continued

The Company recorded a reduction of share capital of \$4,409,644 and an investment in Yellowjacket of \$600,000, which is included in investments.

As at December 31, 2011 the exploration and evaluation assets and the property, plant and equipment had been conveyed to Yellowjacket. The remaining items were transferred in early 2012.

Cash	\$ 600,000
Investments	969,020
Reclamation bond	<u>150,522</u>
	<u>\$ 1,719,542</u>

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Schedule of Mineral Exploration Properties
(Expressed in Canadian dollars)

December 31, 2011 and 2010

	Dec31 2010	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Write down and transfer of mineral properties	Option Proceeds in excess of carrying value	Dec 31 2011
British Columbia	\$ 2,379,810	\$ 353,442	\$ (463,937)	\$ (149,511)	\$ 466,602	\$ 2,586,406
Atlin-Yellowjacket	2,287,798	229,203	-	(2,517,001)	-	-
NW Territories	124,621	58,015	-	(168,254)	-	14,382
Saskatchewan	54,214	73,064	(90,000)	(63)	89,740	126,955
Yukon Territory	251,129	53,377	(1,514,000)	(68,583)	1,278,077	-
	\$ 5,097,572	\$ 767,101	\$(2,067,937)	\$(2,903,412)	\$ 1,834,419	\$ 2,727,743

	Jan 1 2010	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Write down of mineral properties	Option Proceeds in excess of carrying value	Dec 31 2010
British Columbia	\$ 2,831,842	\$ 108,923	\$ (761,090)	\$ (5,790)	\$ 205,925	\$ 2,379,810
Atlin-Yellowjacket	2,636,475	697,980	-	(1,046,657)	-	2,287,798
NW Territories	3	124,618	-	-	-	124,621
Saskatchewan	16,725	60,575	(917,396)	-	894,310	54,214
Yukon Territory	82,238	319,964	(109,520)	(41,553)	-	251,129
	\$ 5,567,283	\$ 1,312,060	\$(1,788,006)	\$(1,094,000)	\$ 1,100,235	\$ 5,097,572