zimtu
CAPITAL CORP.

(formerly FLOW ENERGY LTD.)

CONSOLIDATED FINANCIAL STATEMENTS

November 30, 2010 and 2009

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charlton & company
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To: the Shareholders of
Zimtu Capital Corp.

We have audited the consolidated balance sheets of Zimtu Capital Corp. (formerly Flow Energy Ltd.) as at November 30, 2010 and 2009 and the consolidated statements of operations, comprehensive income and retained earnings (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009, and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Charlton & Company"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
March 30, 2011

ZIMTU CAPITAL CORP.
(formerly Flow Energy Ltd.)
Consolidated Balance Sheets
At November 30,

		2010		2009
ASSETS				
Current				
Cash	$	**2,056,883**	$	570,065
Investments (Note 5)		**9,563,352**		4,703,012
Advances and accounts receivable		**46,061**		20,337
Subscriptions receivable		**576,132**		-
Prepaid expenses and deposits		**34,181**		29,920
		12,276,609		5,323,334
Future income taxes (Note 13)		**-**		79,827
Loan receivable		**34,675**		-
Deposits		**15,562**		15,562
Investments (Note 5 (c) and (d))		**489,665**		25,000
Equipment (Note 7)		**211,499**		254,105
Mineral property interests (Note 6)		**804,297**		504,665
Goodwill		**145,898**		146,420
	$	**13,978,205**	$	6,348,913
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	**257,259**	$	328,279
Due to related parties		**45,798**		27,990
Unearned revenue		**482,865**		42,500
Current income taxes payable		**81,596**		-
		867,518		595,352
Future income taxes (Note 13)		**476,438**		196,583
Non-controlling interests (Notes 9)		**261,731**		235,217
		1,605,687		830,569
Shareholders' equity				
Capital stock (Note 8 (b))		**5,674,399**		2,153,743
Contributed surplus (Note 8 (b))		**3,830,925**		3,362,111
Retained earnings (deficit), per accompanying statement		**2,867,194**		2,490
		12,372,518		5,518,344
	$	**13,978,205**	$	6,348,913

Commitments (Notes 8, 11 and 12)
Subsequent events (Note 14)

Approved on behalf of the Board:

" David Hodge " — Director

"Patrick Power " — Director

See accompanying notes to the consolidated financial statements.

ZIMTU CAPITAL CORP.
(formerly Flow Energy Ltd.)
Consolidated Statements of Operations, Comprehensive Income and Retained Earnings (Deficit)
For the Years ended November 30,

	2010	2009
Revenue		
Administrative fees (Note 11)	$ **1,190,300**	$ 1,080,000
Unrealized gain on investments	**3,247,938**	2,642,679
Gain on sale of investments	**872,273**	257,872
	5,310,511	3,980,551
Expenses		
Advertising and promotion	**259,288**	221,158
Amortization	**82,729**	2,024
Bank charges and interest	**5,123**	6,947
Filing fees	**66,099**	58,492
Investor relations	**97,812**	152,190
Office, rent and telephone	**251,217**	163,202
Professional fees	**310,590**	222,321
Stock-based compensation	**736,663**	1,103,164
Wages and benefits	**1,244,039**	966,375
Website and internet	**17,886**	9,303
	3,071,446	2,905,176
Income before other items	**2,239,065**	1,075,375
Other items		
Interest income	**181**	27,760
Foreign exchange loss	**(1,019)**	(970)
Penalties and interest	**-**	(6,767)
Gain on dilution of ownership (Note 9)	**7,951**	150,005
Gain on loss of control of subsidiary (Note 10)	**44,096**	-
Equity loss of affiliates (Note 5 (c) and (d))	**(98,310)**	-
Other income	**1,110,669**	346,541
	1,063,568	516,569
Income (loss) before income taxes (recovery)	**3,302,633**	1,591,944
Income taxes (recovery) (Note 13)		
Current	**82,302**	379,444
Future	**359,682**	228,688
	441,984	608,132
Income before minority interest	**2,860,649**	983,812
Non-controlling interest	**4,055**	92,619
Net income and comprehensive income for the year	**2,864,704**	1,076,431
Retained earnings (deficit), beginning of year	**2,490**	(1,073,941)
Retained earnings, end of year	$ **2,867,194**	$ 2,490
Basic and diluted earnings (loss) per share	$ **0.35**	$ 0.17
Weighted average number of shares outstanding	**8,291,973**	6,466,198

See accompanying notes to the consolidated financial statements.

ZIMTU CAPITAL CORP.
(formerly Flow Energy Ltd.)
Consolidated Statements of Cash Flows
For the Years ended November 30,

		2010		2009
Cash flows provided by (used in)				
Operating activities				
Net income for the year	**$**	**2,864,704**	**$**	1,076,431
Items not involving cash:				
Gain/ on sale of investments		**(872,273)**		(257,872)
Unrealized gain on investments		**(3,247,938)**		(2,642,679)
Shares received for revenue		**(1,094,415)**		(296,542)
Future income taxes		**359,682**		228,688
Current income taxes		**81,596**		331,812
Non-controlling interest		**(4,055)**		(92,619)
Gain on dilution of ownership		**(7,951)**		(150,005)
Gain on loss of control of subsidiary		**(44,096)**		-
Equity loss of affiliates		**98,310**		-
Stock-based compensation		**736,663**		1,103,164
Amortization		**82,729**		2,024
		(1,047,044)		(697,598)
Changes in non-cash working capital:				
Advances and accounts receivable		**(1,024)**		213,289
Prepaid expenses and deposits		**(4,261)**		(5,843)
Unearned revenue		**440,365**		42,500
Accounts payable and accrued liabilities		**(40,508)**		(50,717)
		394,572		199,229
		(652,472)		(498,369)
Investing activities				
Loans issued		**(59,375)**		-
Acquisition of investments		**(1,877,627)**		(857,057)
Acquisition of mineral properties		**(522,379)**		(151,589)
Proceeds on disposition of investments		**1,781,173**		1,111,912
Proceeds on disposition of mineral properties		**80,000**		147,500
Acquisition of equipment		**(40,123)**		(251,854)
		(638,331)		(1,088)
Financing activities				
Due to related parties		**17,808**		-
Minority interests' investment		**53,141**		226,952
Shares issued, net of issue costs		**2,706,672**		88,000
		2,777,621		314,952
Increase (decrease) in cash during the year		**1,486,818**		(184,505)
Cash, beginning of year		**570,065**		754,570
Cash, end of year	$	**2,056,883**	$	570,065
Supplemental disclosure of cash flow information:				
Cash paid for:				
Interest	$	**5,123**	$	6,947
Income tax	$	**-**	$	47,632
Supplemental non-cash transactions:				
Shares received for revenue	$	**1,094,415**	$	296,542

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS

The Company was incorporated in the Province of British Columbia on July 4, 2006 under the Business Corporations Act of British Columbia. The Company's principal business activities are investments in junior resource companies, mineral resource property acquisition and disposition and the provision of management services.

2. BASIS OF PRESENTATION, NAME CHANGE AND REVERSE TAKEOVER

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

These consolidated financial statements include the accounts of Zimtu Capital Corp. ("Zimtu") and its subsidiaries, 0755032 B.C. Ltd. ("0755032"), a wholly owned private company, and Triple Dragon Resources Inc. ("TDN"), a publicly traded company in which the Company has a 69.83% investment. Zimtu and its subsidiaries are collectively referred to as the "Company".

Further to the Reverse Takeover ("RTO") transaction described below, these consolidated financial statements for the years ended November 30, 2010 and 2009 reflect the assets, liabilities, and results of operations of 0755032, prior to the RTO, and the consolidated assets, liabilities, and results of the Company subsequent to the RTO. The consolidated financial statements are issued under the name of the legal parent but are considered to be a continuation of 0755032.

All intercompany transactions and accounts have been eliminated upon consolidation.

Reverse Takeover & Name Change

On July 31, 2008, Flow Energy Ltd. ("Flow") changed its name to Zimtu Capital Corp. ("Zimtu"). On July 31, 2008, Zimtu completed the acquisition of all the outstanding common shares of 0755032, in exchange for 50,000,000 Special Warrants at a fair price of $0.12 per Special Warrant. The Special Warrants automatically converted to shares of Zimtu on December 1, 2008.

The transaction constituted a reverse takeover (the "RTO") of Zimtu by 0755032.

2. BASIS OF PRESENTATION, REVERSE TAKEOVER & NAME CHANGE - Continued

Reverse Takeover (continued)

The net assets acquired were as follows:

Cash	$	**85,242**
Receivables		**7,471**
Prepaid expenses		**2,916**
Accounts payable and accrued liabilities		**(85,153)**
	$	**10,476**

The acquisition of the shares of 0755032 B.C. Ltd. was accounted for as an RTO transaction in accordance with guidance provided in Emerging Issues Committee ("EIC") Abstract No. 10. Zimtu was originally classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange Policy 2.4. It did not qualify as a business for accounting purposes, and accordingly the transaction was accounted for as an issuance of securities by 0755032 for the net monetary assets of Zimtu for $10,476.

Subsequent to the RTO, Zimtu changed its fiscal year end from August 31 to November 30. Its first year end after the RTO was November 30, 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The Company classifies its cash as held-for-trading.

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

The Company classifies its advances and accounts receivable as loans and receivables. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

The Company classifies accounts payable and accrued liabilities and unearned revenue as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

b) Revenue recognition

Revenues are recognized on the following bases:

(i) Interest income is recorded on an accrual basis at the stated interest rate over the term of the related instrument;
(ii) Revenue from management and administrative services is recognized upon completion of the service, and when collectability is reasonably assured. Fees received in advance of services provided are recorded as deferred revenue.
(iii) Realized gains on investments are recorded upon disposal of the investment, on a trade date basis; and
(iv) Unrealized gains and losses arising from market prices in effect at the balance sheet date for held-for-trading investments are recorded at the balance sheet date.
(v) Revenue from mineral sales is recognized at the time that title and risk of ownership have passed, collection is reasonably assured and the price is determinable.

c) Accounts receivable

The Company estimates the allowance for doubtful accounts provision based upon management analysis of specific receivables that are considered to be uncollectible.

d) Amortization

Equipment is recorded at cost. Amortization is provided using the straight-line method at the following annual rates:

Computer equipment	-	2 years
Office furniture	-	3 years
Leasehold Improvements	-	5 years (lease term)

Additions during the year are amortized on a pro-rata basis based on the annual amortization amount.

e) Income taxes

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

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of impairment of investments in securities with no quoted market values and carrying values included mineral properties, rates of amortization, allowance for doubtful accounts, asset retirement obligations, fair values of share based payments, accrued liabilities, provision for income taxes, rates expected to apply when future income tax assets and liabilities are expected to be settled or recovered, the valuation allowance for future income tax asset, and the fair value of assets and liabilities acquired in a business combination. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

g) Goodwill

Goodwill represents the excess of the purchase price over the assigned value of net assets acquired. Goodwill is not amortized but is instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is tested at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. If the carrying value exceeds the reporting unit's fair value, there is a potential impairment in goodwill. Any impairment in goodwill is measured by allocation the fair value of the reporting unit in a manner similar to a purchase price allocation and comparing the notional goodwill from the fair value allocation to the carrying value of the goodwill.

h) Mineral property interests

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral resource properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to all of its properties are in good standing.

The Company capitalized all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Mineral property interests (continued)

When the carrying value of a property interest expense exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments of the Company's assessment of its ability to sell the property interest for an amount exceeding the deferred costs, provision is made for the impairment in value.

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

i) Asset retirement obligations

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

j) Non-controlling interest

Non-controlling interest exists in less than wholly-owned subsidiary of the Company and represented the outside interests' share of the carrying value of the subsidiary. When the subsidiary company issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company's share of the proceeds and the carrying value of the underlying equity.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

k) Financial instruments – disclosure and presentation, and Capital disclosure

(i) The CICA handbook Section 1535, *Capital Disclosures,* which requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital including disclosures of any externally imposed capital requirements and the consequences of non-compliance (Note 4).

(ii) The CICA handbook Section 3862, *Financial Instruments - Disclosure,* which requires disclosure of information related to the significance of financial instruments to a company's financial position and performance. A company is also required to disclose information related to the risks of its use of financial instruments and how those risks are managed (Note 4).

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

l) Warrants

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

m) Related party transactions

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

n) Earnings (loss) per share

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

o) Stock-based compensation

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

(p) Long-lived assets and impairment

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

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

(q) Adoption of new accounting standards

In December 2009, the Company adopted the new accounting standards issued by the CICA relating to goodwill and intangible assets, mining and exploration costs and financial instrument disclosure. These standards were adopted on a prospective basis and are primarily related to disclosures. There were no adjustments recorded to opening balance sheet items or deficit as a result of the adoption of these standards.

EIC – 174 mining exploration costs

In March, 2009, the CICA issued EIC 174. In this EIC, the Committee reached a consensus that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The EIC is effective for periods ending after the issuance date and the Company has adopted the EIC – 174. The adoption of this section does not have a significant impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

q) Adoption of new accounting standards - continued

Amendment to financial instruments-disclosures

CICA Handbook Section 3862, Financial Instruments-Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets fro identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

See Note 4 for relevant disclosure.

r) New accounting standards not yet adopted

Convergence with international financial reporting standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of the Company will be December 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2010.

Business combinations – section 1582

In January 2009, the CICA issued Section 1582, Business Combinations, which will provide the Canadian equivalent to International Financial Reporting Standard IFRS 3, Business Combinations, and replace the existing Section 1581, Business Combinations. The new standard will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interests. Management does not expect that the adoption of this new standard will have significant impact on the Company's financial statements.

Non-controlling interests – section 1602

In January 2009, the CICA issued Section 1602, Non-Controlling Interests, which establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standard ("IAS") 27, Consolidated and Separate Financial Statements. The new standard is effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, Business Combinations, and Section 1601, Consolidated Financial Statements. Management does not expect that the adoption of this new standard will have significant impact on the Company's financial statements.

4. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including market, credit and liquidity risk. A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Fair value

The carrying values of cash, advances and accounts receivable, unearned revenue, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The fair value of investments is based on quoted market values, except for those investments that do not have a quoted market price in an active market, which are measured at cost, as currently there is not an active market for those investments. The Company does not have a timeline as to the disposition of those investments that do not have a quote market price in an active marker.

b) Interest rate risk

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

c) Credit risk

The Company is not exposed to significant credit risk on its cash and investments due to cash and investments being placed with major financial institutions. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Management believes that the credit risk with respect to receivables is remote. One customer accounted for 83% (2009: 100%) of the Company's administrative revenue (Note 11 (a)).

d) Currency risk

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

e) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected as a result of downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company' investments declines, resulting in losses upon disposition. The Company generates cash flow primarily from its administrative activities and proceeds from the disposition of its investments. The Company has sufficient investments that are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

4. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES - Continued

f) Market risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers. The Company's investment activities are currently concentrated primarily across several sectors in the natural resource industry, uranium, potash, oil and gas, molybdenum, precious metals and base metals. The Company also has set thresholds on purchases of investments.

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

g) Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. The Company may raise additional capital for additional cash required. 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 identify and acquire new investment or business opportunity.

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 November 30, 2010. The Company is not subject to externally imposed capital requirements.

5. INVESTMENTS

Investments as at November 30, 2010 consisted of the following:

	Investments as at November 30, 2010				
Stock	**Volume**	**Cost Base**		**Market Base**	
		$	$/Share	$	$/Share
Arctic Star Diamond	1,800,000	92,109	0.05	90,000	0.050
Amerix Precious Metals	1,000,000	70,000	0.07	70,000	Cost
859404 BC Ltd.	2,881,250	200,000	0.07	200,000	Cost
PAX Food Corp.	46,800	149,688	3.20	149,688	Cost
Auric Development	190,000	28,349	0.15	46,550	0.245
Bonterra Resources	295,000	67,129	0.23	119,475	0.405
Brixton Metals	985,000	177,167	0.18	295,500	0.300
Canadian International	200,000	13,521	0.07	118,000	0.590
Commerce Resources	3,236,178	1,444,358	0.45	2,524,219	0.780
Cougar Minerals	41,931	1,751	0.04	2,516	0.060
Discovery Harbour	2,020,000	202,000	0.10	202,000	Cost
Doubloon Resources	1,580,002	27,902	0.02	27,902	Cost
Fieldex Expl.	1,199,000	197,228	0.16	209,825	0.175
Fulcrum Resources	12,500	21,874	1.75	250	0.020
Hybrid Fuels	230,000	50,051	0.22	2,363	0.010
Indigo Exploration	250,000	50,000	0.20	85,000	0.340
Kingsman Resources	499,000	100,237	0.20	54,890	0.110
Open Gold Corp.	800,000	67,500	0.08	200,000	0.250
La Camera Mining	1,250,000	250,000	0.20	250,000	Cost
Legend Power Systems	200,000	100,000	0.50	40,000	0.200
Quantum Rare Earth Dev.	996,500	344,649	0.35	408,565	0.410
Rare Earth Metals	500,000	212,500	0.43	167,500	0.335
Regal Uranium	200,000	20,000	0.10	20,000	Cost
Terrax Minerals	165,000	49,500	0.30	42,079	0.255
Tribune Minerals	2,050	12,576	6.13	1,415	0.690
Equitas Resources Corp.	5,028,000	297,958	0.06	754,200	0.150
Ultra Lithium	2,000,000	197,107	0.10	120,000	0.060
Universal Wing Tech.	175,000	35,000	0.20	18,375	0.105
Western Potash	2,448,821	187,807	0.08	2,595,750	1.060
T-Bills	1,166	1,166	1.00	1,166	1.000
		4,669,127		**8,817,228**	

Options/Warrants			**Exercise Price**	**Intrinsic Value**	**Market Value $/Share**
Bonterra Resources	168,700	Warrants	0.20	34,174	0.405
Brixton Metals Corp.	200,000	Warrants	0.40	-	0.300
Canadian International	400,000	Warrants	0.15	176,000	0.590
Canadian International	625,000	Warrants	0.2	243,750	0.590
Commerce Resources	400,000	Options	0.26	208,000	0.780
First Lithium Resources	600,000	Warrants	0.25	-	0.145
First Lithium Resources	841,667	Warrants	0.35	-	0.145
Indigo Exploration	250,000	Warrants	0.30	-	0.340
Kingsman Resources	50,000	Options	0.10	500	0.110
Legend Power	100,000	Warrants	0.60	-	0.200
Quantum Rare Earth	120,000	Warrants	0.35	7,200	0.410
Regal Uranium	100,000	Warrants	IPO Price	-	0.100
Terrax Minerals	82,500	Warrants	0.40	-	0.255
Equitas Resources Corp.	500,000	Warrants	0.10	25,000	0.150
Equitas Resources Corp.	1,030,000	Warrants	0.10	51,500	0.150
Balance, November 30, 2010				**9,563,352**	

5. INVESTMENTS - Continued

Investments as at November 30, 2009 consisted of the following:

	Investments as at November 30, 2009				
Stock	**Volume**	**Cost Base**		**Market Base**	
		$	$/Share	$	$/Share
Arctic Star Diamond	3,000,000	153,309	0.05	105,000	0.035
Auric Development	190,000	28,349	0.15	39,900	0.210
Austin Developments	3,500,000	35,000	0.01	35,000	0.010
Butler Resources	200,000	20,000	0.10	84,000	0.420
Canadian International	500,000	25,000	0.05	65,000	0.130
Commerce Resources	3,006,178	1,379,323	0.46	1,923,953	0.640
Cougar Minerals	41,931	1,751	0.04	6,290	0.150
Doubloon Exploration	1,580,002	27,902	0.02	27,902	Cost
First Lithium Resources	841,667	82,933	0.10	96,792	0.115
Fulcrum Resources	12,500	21,874	1.75	62	0.005
Hybrid Fuels	230,000	50,051	0.22	8,493	0.037
Kingsman Resources	499,000	104,467	0.21	22,455	0.045
La Camera Mining	1,250,000	250,000	0.20	250,000	Cost
Lateegra Gold	32,500	7,857	0.24	14,300	0.440
Legend Power	200,000	100,000	0.50	112,000	0.560
PAX Food AG	46,800	149,688	3.20	149,688	Cost
Regal Uranium	200,000	20,000	0.10	20,000	Cost
Remstar Resources	21,000	2,619	0.12	1,260	0.060
Sandspring Resources	154,000	49,000	0.32	112,420	0.730
Solex Resources	80,411	51,463	0.64	5,629	0.070
Tribune Minerals	2,050	12,576	6.13	1,025	0.500
Ultra Lithium	2,000,000	197,107	0.10	160,000	0.080
Western Potash	2,778,821	213,217	0.08	1,194,893	0.430
Weststar Resources	500,000	50,000	0.10	30,000	0.060
T-Bills	23,240	23,240	1.00	23,240	1.000
		3,056,726		**4,489,302**	

Options/Warrants			**Exercise Price**	**Intrinsic Value**	**Market Value $/Share**
Austin Developments	3,500,000	-	0.05	-	0.010
Butler Resources	200,000	-	0.20	44,000	0.420
Canadian Minerals	400,000	-	0.10/0.15	-	0.130
Commerce Resources	400,000	-	0.26	152,000	0.64
First Lithium Resources	600,000	-	0.25	-	0.115
First Lithium Resources	841,667	-	0.25/0.35	-	0.115
Kingsman Resources	250,000	-	0.25	-	0.045
Kingsman Resources	50,000	-	0.10	-	0.045
La Camera Mining	125,000	-	0.40	-	N/A
Sandspring Resources	77,000	-	0.50	17,710	0.730
Legend Power	100,000	-	0.60	-	0.560
Regal Uranium	100,000	-	IPO Price	-	2 years from IPO
Balance, November 30, 2009		**3,056,726**		**4,703,012**	

(a) The Company classifies all of its investments as held-for-trading, except for the investments in 0859404 BC Ltd, Amerix Precious Metals, Doubloon Resources, Real Uranium, Discovery Harbour, La Camera Mining and PAX Food AG, which are classified as available-for-sale.

5. INVESTMENTS - Continued

(b) During the year ended November 30, 2009, the Company acquired 50,000 common shares (their shares were subsequently split 1:15) of 0859404 B.C. Ltd. ("0859404") for $25,000. At November 30, 2009, the Company held 20.83% of the issued and outstanding common shares of 0859404, and the two companies were related by a common director and officer. As the Company exerted significant influence over 0859404, the Company accounted for its investment using the equity method. During the year ended November 30, 2009, the Company incurred losses of $nil as a result of its proportional share of equity losses recorded in 0859404. During the year ended November 30, 2010, 0859404 issued additional common shares, of which Zimtu acquired 2,131,250 additional shares. Following the issuance of shares, Zimtu's holdings decreased to 15% of the total issued and outstanding shares of 0859404. As a result, the investment is no longer being accounted for using the equity method. Subsequent to the year ended November 30, 2010, the shares of 0859404 were converted into shares of Quantum Rare Earth Development.

(c) As at November 30, 2010, the Company owns 27% of the total outstanding shares of Camisha Resources Corp. ("Camisha") (see Note 10). The Company exerts significant influence over Camisha and therefore Camisha is accounted for as an investment under the equity method. The investment in Camisha is recorded at cost of $150,000 and is adjusted for $18,743 of equity loss.

(d) During the year ended November 30, 2010, the Company acquired 5,165,000 common shares of Lakeland Resources Inc. ("Lakeland") for $437,975, which represents 34% of total issued and outstanding shares of Lakeland. The investment in Lakeland is recorded at cost of $437,975 and is adjusted for $79,567 of equity loss.

6. MINERAL PROPERTY INTERESTS

Triple Dragon Resources Inc. ("TDN") Properties

The Company owns 69.83% (2009: 70.08%) of the issued and outstanding common shares of TDN and has therefore included descriptions of the properties owned by TDN below.

Murray Property

On April 17, 2008, the Company sold TDN a 100% interest in the Murray Claims in the Yellowknife Mining Division of the Northwest Territories, known as the Murray Property. There was a 1% net smelter return royalty and a 1% gross overriding royalty on the property, in favour of Jody Dahrouge, the original vendor of the property, which was relinquished on May 7, 2009.

6. MINERAL PROPERTY INTERESTS - Continued

Triple Dragon Resources Inc. ("TDN") Properties - Continued

May Property

TDN entered into an agreement to purchase a 100% interest in one mineral claim in the Northwest Territories, known as the May Property. Pursuant to a Mineral Property Acquisition Agreement dated May 14, 2009, TDN shall pay to the Vendor the following:

- $5,500 cash within 5 days of signing the agreement (paid);
- On the one year anniversary of the agreement, issue to the Vendor $10,000 of common shares (issued 86,956 shares at $0.115 per share); and
- On the second year anniversary of the agreement, issue to the Vendor $15,000 of common shares.

There is a 2% Net Smelter Return royalty on the Property.

Burnt Island Property

TDN entered into an agreement to purchase a 100% interest in two mineral claims in the Gordon Lake area of the Northwest Territories, known as the Burnt Island Property. Pursuant to a Mineral Property Acquisition Agreement dated August 11, 2009, TDN shall pay to the Vendor the following:

- $10,000 cash within 5 days of signing the agreement (paid); and
- $10,000, in either cash or shares, for every year that the Company holds the option $10,000 (paid August 11, 2010).

There is a 3% Net Smelter Return royalty on the Property.

Staircase Property

TDN acquired a 100% interest in 83 mineral claims located north of Prince George, B.C., comprising approximately 36,600 hectares. TDN purchased the claims for $30,000.

Zimtu Capital Corp. Properties

Properties Available for Sale

During the year ended November 30, 2009, the Company acquired a 50% interest in various properties by staking. These properties include Fox Creek Lithium, Silvercreek/Simonette, Berland River, Athena Lithium, Vermillion, Archie Lake, Chickadee Creek, AB Frac Sands, BC Gold (Bella Coola), Bear Lake Area in BC, REE (Apollo, Carbo Area, Perry River and Giscome Claims) in BC, NWT – Gold (Sickle, Don and Tom Claims), BC – Gold (Snow Lake), Alberta Potash properties (Consort, Jantar and McElroy) and Quebec Gold properties. Also, the Company acquired a 100% interest in the Port Hope claims by staking.

6. MINERAL PROPERTY INTERESTS - Continued

Zimtu Capital Corp. Properties - Continued

Properties Available for Sale - Continued

During the year ended November 30, 2010, the Company acquired a 50% interest in various properties by staking. These properties include AB Potash, Bearpaw Ridge, Day Property, JD Property, Blais Claims, Lac LeClaire Claims, Ren Claims, Cap Claims, Seebach Claims, Snip Claims. The Company also acquired a 100% interest in the Red Wine Property, Michikamats Property, and Grace Claims by staking.

Joint Venture Properties

C&C Rare Earth Property

During the year ended November 30, 2009, the Company entered into an agreement with Cathro Resources Corp. and Cazador Resources Ltd. ("C&C") for the joint exploration of rare earth element claims of merit in Western Canada, known as the C&C Rare Earth Properties. The claims included in the C&C Rare Earth Properties are the Hiren, Trident and Zen Claims. The Company and the other joint venturers contributed $10,000 (paid) each for the acquisition costs of the C&C Rare Earth Properties. The Company will commit $100,000 towards the advancement of the C&C Rare Earth Properties. The C&C Rare Earth Properties will be held on a 50-50% joint venture basis, and the proceeds from the sale of the property will be shared equally by the Company and the other joint ventures.

Javorsky Properties

During the year ended November 30, 2010, the Company entered into an agreement for the joint exploration of four rare earth element claims of merit in Western Canada, known as the Old Lime Stone, Zirconium Mountain, Cerium Mountain, and Odin Creek Cerium. The Company and the other joint venturer, Dave Javorsky, each contributed for the acquisition costs of the property. The property will be held on a 50-50% joint venture basis, and the proceeds from the sale of the property will be shared equally by the Company and the other joint venturer.

Tanzania Property

In August, 2010, the Company entered into a partnership with Strategic Resource Management ("Strategic") for a rare earth property in Tanzania. The Company has spent $8,400 US for field work and had the exclusive option to acquire the project for $45,000 US. This project has been terminated and the value of the project written off.

6. MINERAL PROPERTY INTERESTS - Continued

Properties with Pending Sales

Australia Lithium Property

During the year ended November 30, 2009, the Company entered into an agreement with Max Pozzoni for the sale of its 50% interest in three lithium brine projects located in southwestern Australia. In consideration for the interest, the Company will receive a total of $50,000 cash, which will be paid in 6 month instalments ($30,000 received). The lithium brine projects were acquired by staking. The final payment was to be received by April 23, 2011, however delays in obtaining permits have postponed the final payments.

Michikamatas Project

On April 6, 2010, the Company announced it had acted as one of the property vendors in Fieldex Exploration Inc's ("Fieldex") acquisition of the Michikamats Rare Earth Project located in Labrador, south of Quest Uranium Corp.'s Misery Lake Project. For its participation in the transaction, the Company will receive 2,000,000 common shares (1,000,000 received) and $80,000 ($30,000 received) over a two-year period. The Vendors will retain a 2% Net Smelt Return ("NSR") royalty, 1% of which may be purchased by Fieldex for $1,000,000. The agreement received TSX acceptance on May 6, 2010.

Day Property

On August 4, 2010, the Company announced that it has acted as one of the property vendors in Trivello Energy Corp.'s (now Equitas Resources Corp. "Equitas")) acquisition of the Day Copper-Gold Porphyry Property located in north-central British Columbia. For its participation in the Equitas transaction, the Company will receive C$25,000 and 2,500,000 common shares, subject to approval by Equitas shareholders and the TSX Venture Exchange. The vendors will retain a 2% Net Smelter Return ("NSR") royalty, 1% of which may be purchased by Equitas for C$1,000,000.

Snip and Seebach Properties

On November 22, 2010, the Company announced that it and one of its prospecting partners had signed an option agreement with Remstar Resources Ltd. whereby Remstar can earn a 60% interest in the Snip and Seebach 02-03 rare-earth-element properties located in the Carbo area of northeastern British Columbia. For its participation in the transaction, the Company will receive staged cash payments totalling $175,000 ($10,000 received at November 30, 2010 and $15,000 received subsequent to November 30, 2010). Remstar will also be required to complete exploration expenditures totalling $5-million over four years. The vendors will retain a 2% net smelter royalty on the properties and shall be operators until Remstar has earned its 60% interest. As operators, the vendors will receive a 10% administration fee on exploration expenditures by Remstar. The agreement is subject to the acceptance of the TSX-V

6. MINERAL PROPERTY INTERESTS - Continued

Properties with Pending Sales - Continued

Cap and Seebach

On November 17, 2010, the Company and one of its prospecting partners optioned a 60% interest in the Cap and Seebach properties to Arctic Star Diamond Corp. ("Arctic Star"). In consideration for the option, the Company will receive cash payments totalling $87,500 (received subsequent to November 30, 2010) and 2,500,000 common shares (received subsequent to November 30, 2010). The vendors will retain a 2% net smelter royalty (NSR) on the properties and shall be operators until Arctic Star has earned its 60% interest. As operators, the vendors will receive a 10% administration fee on exploration expenditures by Arctic Star.

Javorsky Property

On November 17, 2010 the Company and one of its prospecting partners optioned a 100% interest in the Old Lime Stone property to Arctic Star Diamond Corp. ("Arctic Star"). In consideration for the option, the Company will receive staged cash payments totalling $25,000 ($12,500 received subsequent to November 30, 2010) and 1,000,000 common shares (500,000 shares received subsequent to November 30, 2010). The vendors will retain a 2% net smelter royalty (NSR) on the properties.

Red Wine Property

On September 2, 2010, the Company announced its 50% participation into an agreement with Rare Earth Metals Inc. ("Rare Earth") pursuant to which Rare Earth will acquire a 100% interest in mining claims totalling 508 claim units located in the Red Wine/Letitia Lake area of west central Labrador. For its participation in the transaction, the Company will receive staged payments of $75,000 ($25,000 received) and 1,000,000 common shares (500,000 received) of Rare Earth over a two year period. The vendors will retain a 2% Net Smelter Return ("NSR") royalty of which 1% may be purchased by Rare Earth for $1,000,000. This deal was accepted by the TSX Venture Exchange on September 28, 2010.

Property Advisory Services

Canadian International Minerals Inc.

During the year ended November 30, 2009, the Company assisted Canadian International Minerals Inc. ("CIN") in the optioning of 52 mineral claims in the Thunder Bay Mining Division, Ontario known as the Deadhorse Creek Rare Earth Property. In consideration for its assistance, the Company received 100,000 shares in the first year and 92,500 shares on the first anniversary

Jungle Well and Laverton Projects

The Company is participating in Quantum Rare Earth Developments Corp ("Quantum") and Silver Mountain Mines Corp. ("Silver Mountain") acquisition of Northeast Minerals Pty. Ltd ("Northeast"), a private Australian company that owns 100% interest in the Jungle Well and Laverton Rare Earth Projects. For its participation, the Company will receive 500,000 shares of Quantum and $33,333 ($15,365 received) following completion of a merger between Quantum and Silver Mountain, and acceptance of the TSX Venture Exchange.

6. MINERAL PROPERTY INTERESTS - Continued

Property Advisory Services - Continued

Marksmen Capital Inc

On August 5, 2010, the Company announced that it has acted as an agent in a transaction between Marksmen Capital Inc ("Marksmen") and Brixton Metal Corporation ("Brixton"). The transaction is intended to constitute Marksmen's qualifying transaction and is subject to TSX Venture Exchange approval. For its participation in the deal, the Company will receive 500,000 shares of Marksmen's escrow shares on closing of the qualifying transaction and received a finder's fee equal to 285,000 shares.

Open Gold Corp.

On June 9, 2010, Open Gold Corp. (formerly Range Capital Corp.) ("Open Gold"), a TSX-V listed CPC, announced that it had entered into a letter agreement with Knob Hill Silver Inc. ("Knob Hill"), whereby Range will acquire 100% of the outstanding shares of Knob Hill. Knob Hill is a private British Columbia incorporated mineral exploration company that holds a 100% interest in 16 mineral claims located in the Greenwood mining division of British Columbia, subject only to a 2.5% net smelter return. Upon closing of the transaction, Range issued 425,000 common shares as a finders fee to the Company.

Zimtu Properties sold during the year ended November 30, 2010

Athena Lithium Property

The Company entered into an agreement with Max Pozzoni for the sale of its 50% interest in the Athena Lithium Brine Project in Alberta. In consideration for the interest, the Company received $20,000 cash. The metallic and industrial metals permits ("MAIM Permits") comprising the Athena Lithium Brine Project were acquired by application to the Alberta government. The sale was completed in January 2010.

Terrax Rare Metal Project

On March 4, 2010, the Company announced it had acted as one of the property vendors in BonTerra Resources Inc's ("BonTerra") acquisition of the Terrax Rare Metal project, located in the James Bay Mining District of northern Quebec. For its participation, the Company received 1,000,000 common shares. The Vendors will retain a 2% Net Smelter Reture "(NSR") royalty, 1% of which may be purchased by BonTerra for $1,000,000. This agreement was approved by the TSX Venture Exchange on March 17, 2010.

Archie Lake Property

On February 24, 2010, Quantum received TSX Venture Exchange acceptance of the acquisition of the Company's 50% interest in one mineral claim located approximately 50 kilometres west of Uranium City, Saskatchewan, known as the Archie Lake Property. In consideration for the acquisition of the interest, the Company received $20,000 and 1,000,000 common shares of Quantum.

6. MINERAL PROPERTY INTERESTS - Continued

Zimtu Properties sold during the year ended November 30, 2010 - Continued

Tom Claims

On February 1, 2010, the Company entered into an Acquisition Agreement with Trivello Energy Corp. (now Equitas Resources Corp. “Equitas”)to sell its 50% interest in five mineral claims in the Northwest Territories. In consideration for the interest, the Company received $50,000 and 1,000,000 common shares of Equitas. The agreement received TSX acceptance on June 4, 2010.

Triple Dragon Properties sold during the year ended November 30, 2010

CAM Property

TDN acquired, by staking, a 100% interest in two mineral claims northeast of Yellowknife, Northwest Territories, known as the CAM claims. The CAM claims are located 80 km northeast of Yellowknife. The CAM claims include the past producing Camlaren Gold Mine as well as other gold showings. TDN entered into a Purchase and Sale Agreement dated April 27, 2010 with Cats Eye Capital Corp., now know as Lakeland Resources Corp. (“Lakeland”). In August 2010, the sale of the CAM claims completed and TDN received 3,000,000 shares of Lakeland.

Zimtu Properties sold during the year ended November 30, 2009

Fox Creek Lithium Property

The Company entered into an agreement with First Lithium Resources Inc (formerly Mountain Capital Inc.) (“MCI”) to sell its 50% interest in 41 metallic and industrial minerals permits, which consist of three separate properties located west to northwest of Edmonton, Alberta, known as the Fox Creek Lithium Property. In consideration for the interest, the Company received $45,000 cash and 600,000 units of the purchaser at a fair value of $75,000. Each unit consists of one common share and one share purchase warrant, exercisable at a price of $0.25 for two years. In addition, there is a 1.5% net smelter return and a 2.5% gross overriding royalty on the gross production of diamonds. The purchaser can purchase 1% of the net smelter return for $1,000,000. There is no buyback clause relating to the gross overriding royalty.

Vermillion Property

The Company entered into an agreement with MCI to sell its 50% interest in the Vermillion potash property, located in east-central Alberta, known as the Vermillion Property. In consideration for the interest, the Company received $65,000 cash and 841,667 units of the purchaser at a fair value of $67,333. Each unit consists of one common share and one non-transferable share purchase warrant, exercisable for a period of two years into one additional common share of the purchaser at a price of $0.25 per share in the first year and at a price of $0.35 in the second year.

6. MINERAL PROPERTY INTERESTS - Continued

Zimtu Properties sold during the year ended November 30, 2009 - Continued

Silvercreek/Simonette Property

During the year ended November 30, 2009,, the Company entered into an agreement with Weststar Resources Corp. ("Weststar") to sell its 50% interest in the Silver Creek and Simonette lithium brine claims in Alberta, known as the Silvercreek/Simonette Property. In consideration for the interest, the Company received $12,500 cash and 500,000 common shares of the purchaser at a fair value of $50,000**.**

Berland River Property

The Company entered into an agreement with Ultra Lithium Inc. (formerly Jantar Resources) ("ULI") to sell its 50% interest in the Berland River lithium brine claims in Alberta, known as the Berland River Property. In consideration for the interest, the Company received $25,000 cash and 1,000,000 common shares of the purchaser at a fair value of $90,000.

Property expenditures for the year ended November 30, 2010:

		TDN Properties		**Zimtu Properties**		**Totals**
Balance, beginning of year	$	**371,030**	$	**133,635**	$	**504,665**
Acquisition costs		**21,031**		**315,837**		**336,868**
Accommodation and travel		**26,900**		**-**		**26,900**
Assay		**7,966**		**-**		**7,966**
Equipment rental & supplies		**18,657**		**-**		**18,657**
Geological expenses		**81,074**		**-**		**81,074**
Reports and mapping		**20,402**		**-**		**20,402**
		176,030		**315,837**		**491,867**
Sale of properties		**(139,003)**		**(53,232)**		**(192,235)**
Balance, end of year	$	**408,057**	$	**396,240**	$	**804,297**

6. MINERAL PROPERTY INTERESTS - Continued

Zimtu Capital Corp. Properties - Continued

Property expenditures for the year ended November 30, 2009:

		TDN Properties		Zimtu Properties		Totals
Balance, beginning of year	$	139,241	$	224,880	$	364,121
Acquisition costs (recovery)		40,009		47,046		87,055
Accommodation and travel		48,894				48,894
Administrative expenses		35				35
Assay		14,761		-		14,761
Consulting		23,416		-		23,416
Equipment rental		1,805		-		1,805
Geological expenses		88,207		-		88,207
Maps and reports		3,721		-		3,721
Supplies and rentals		10,941		-		10,941
		231,789		47,046		278,835
Sale of properties		-		(138,291)		(138,291)
Balance, end of year	$	371,030	$	133,635	$	504,665

7. EQUIPMENT

November 30, 2010		Cost		Accumulated Amortization		Net
Office furniture	$	164,013	$	55,800	$	108,213
Computer equipment		19,228		7,852		11,376
Leasehold improvements		113,010		21,101		91,909
	$	296,251	$	84,753	$	211,498

November 30, 2009		Cost		Accumulated Amortization		Net
Office furniture	$	155,987	$	1,425	$	154,562
Leasehold improvements		100,141		599		99,542
	$	256,128	$	2,024	$	254,104

8. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value

b) Issued:

Common shares	**Number of Shares**		**Amount**
Balance as at November 30, 2008	64,532,658		2,018,238
Share consolidation (Note 8 (b) (ii))	(58,079,394)		-
Options exercised (Note 8 (b) (i))	80,000		135,505
Balance as at November 30, 2009	**6,533,264**	$	**2,153,743**
Private placement (Note 8 (b) (i))	1,067,500		1,281,000
Private placement (Note 8 (b) (i))	1,679,192		2,015,030
Shares returned to treasury	(35,000)		(42,000)
Share issue costs	14,450		(106,088)
Options exercised (Note 8(b)(i))	223,333		372,714
Balance as at November 30, 2010	**9,482,739**	$	**5,674,399**

Obligation to issue shares		
Balance as at November 30, 2008		(16,000)
Shares issued		16,000
Balance as at November 30, 2010 and 2009	**$**	**-**

(b) Issued: (continued)

Contributed Surplus		**Amount**
Balance as at November 30, 2008	$	2,370,647
Options granted		394,809
Amendment to options and warrants		660,160
Fair value of options exercised		(63,505)
Balance as at November 30, 2009		**3,362,111**
Options granted		421,661
Warrant extension		218,866
Fair value of options exercised		(171,714)
Balance as at November 30, 2010	$	**3,830,924**

8. SHARE CAPITAL - Continued

(i) During the Year Ended November 30, 2010

On December 29, 2009, the Company completed a private placement of 1,067,500 units at $1.20 per unit. Each unit consists of one common share and one warrant valued at $1.50 in the first year and $2.40 in the second year. Finder's fees of $28,691 were paid and 14,450 common shares valued at $17,340 were issued. In August 2010, 35,000 share initially issued in the private placement were returned to the Company's share treasury.

On April 8, 2010, 133,333 stock options were exercised at $0.90 for proceeds of $120,000 and a fair value of $102,513.

On May 10, 2010, 90,000 stock options were exercised at $0.90 for proceeds of $81,000 and a fair value of $69,201.

On November 15, 2010, the Company completed a private placement of 1,679,192 units at $1.20 per share.

(ii) During the Year Ended November 30, 2009

On October 2, 2009, 80,000 options valued at $0.90 were exercised with a fair value of $135,505.

(iii) Share consolidation

Effective December 1, 2008 all of the issued common shares of the Company were consolidated on the basis of 10 pre-consolidation common shares for 1 post-consolidation common share. The weighted average number of shares outstanding at November 30, 2009 and 2008 has been retroactively adjusted and is determined as though the consolidation occurred at November 30, 2007.

(c) Commitments:

<u>Stock Options</u>

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The Company held its Annual General Meeting on June 18, 2010 and approved the number of options granted under the Plan to be fixed at 1,549,709 (2009 – 1,290,653 post-consolidation), which is equal to 20% of the issued and outstanding shares. Options granted under the Plan have a maximum life of five years and vest according to conditions set at the time the options are granted.

8. SHARE CAPITAL - Continued

(c) Commitments: - continued

Stock Options - continued

A summary of the stock option plan is presented below:

	November 30, 2010			November 30, 2009		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of year	1,194,333	$	0.90	11,780,000	$	0.14
Share consolidation	-		-	(10,602,000)		-
Granted	506,000		1.38	378,333		0.90
Exercised	(223,333)		0.90	(80,000)		0.90
Expired/cancelled	-		-	(282,000)		0.90
Outstanding, end of period	1,477,000	$	1.06	1,194,333	$	0.90

(i) During the year ended November 30, 2010, a compensation charge associated with stock-based compensation in the amount of $421,661 (2009: $443,004) has been recorded in the statements of operations.

(ii) On December 3, 2009, the Company granted 96,000 incentive stock options to a director of the Company. Each stock option is exercisable into one common share at a price of $1.08 and expires on December 3, 2014.

(iii) On April 5, 2010, the Company granted 100,000 incentive stock options to a director of the Company. Each stock option is exercisable into one common share at a price of $1.35 and expires on April 5, 2015.

(iv) On November 4, 2010, the Company granted 310,000 incentive stock options to directors and consultants of the Company. Each stock option is exercisable into one common share at a price of $1.48 and expires on November 4, 2015.

8. SHARE CAPITAL - Continued

(c) Commitments: - continued

Stock Options – continued

The fair value of the compensation charges has been determined using the Black-Scholes option pricing model with the following assumptions:

	2010	**2009**
Expected dividend yield	0.0%	0.0%
Expected volatility	63 - 110%	152% - 157%
Risk-free interest rate	1.98 – 3.02%	2.03 – 2.51%
Expected term in years	5 years	5 years

(v) In May 2009, the exercise price of 1,178,000 stock options granted prior to November 30, 2008 was re-priced to $0.90 per share from a range of $1.00 to $1.50 per share.

The Company applies the fair value method in accounting for its modification to stock options using the Black-Scholes option pricing model. The option modification expense was $17,693. The fair value of options modified as above is calculated using the following weighted average assumptions:

	2010	**2009**
Risk-free interest rate	-	2.51%
Expected life of options	-	4.26 years
Annualized volatility	-	153%
Dividend rate	-	0%

At November 30, 2010, the Company had 1,477,000 (2009: 1,194,333 post-consolidation) share purchase options outstanding entitling the holders thereof the right to purchase one common share as follows:

November 30, 2010 Number	**November 30, 2009** Number	Revised Exercise Price	Original Exercise Price	Expiry Date
18,000	18,000	$0.90	$1.00	September 11, 2011
588,000	588,000	$0.90	$1.50	August 27, 2013
-	223,333	$0.90	$1.20	August 27, 2013
290,000	290,000	N/A	$0.90	May 4, 2014
75,000	75,000	N/A	$0.90	June 1, 2014
96,000	-	N/A	$1.08	December 3, 2014
100,000	-	N/A	$1.35	April 5, 2015
310,000	-	N/A	$1.48	November 4, 2015
1,477,000	1,194,333			

8. SHARE CAPITAL – Continued

(c) Commitments: (continued)

Warrants

A summary of the share purchase warrants is presented below:

	November 30, 2010			November 30, 2009		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of year	1,029,265	$	2.40	10,292,658	$	0.24
Share consolidation	-		-	(9,263,393)		-
Granted	1,067,500	$	1.50/2.40	-		-
Cancelled	(35,000)	$	1.50/2.40	-		-
Outstanding, end of year	2,061,765	$	$2.17	1,029,265	$	$2.40

At November 30, 2010, the Company had 2,061,765 (2009: 1,029,265 post-consolidation) share purchase warrants outstanding entitling the holders thereof the right to purchase one common share as follows:

Warrants Outstanding	Exercise Price	Expiry Date
1,029,265	$2.40	July 31, 2011**
1,032,500	$1.50/2.40	December 29, 2011
2,061,765		

**On June 29, 2009, the Zimtu received TSX Venture Exchange approval for the extension to the expiry date of share purchase warrants that were to expire on July 31, 2009. The warrants have been extended until July 31, 2011. The Company applies the fair value method in accounting for its modification to warrants using the Black-Scholes option pricing model. The warrant modification expense was $642,467.

During the year ended November 30, 2010, TDN received approval for the extension to the expiry date of 1,000,000 share purchase warrants that were to expire on December 31, 2009 and 1,000,000 expiring on January 21, 2010. The warrants have been extended until December 31, 2011 and January 21, 2012. The Company applies the fair value method in accounting for its modification to warrants using the Black-Scholes option pricing model. The warrant modification expense was $315,002.

8. SHARE CAPITAL – Continued

c) Commitments: (continued)

Warrants - continued

The fair value of warrants modified as above is calculated using the following weighted average assumptions:

	2010	2009
Risk-free interest rate	1.20% - 1.45 %	1.20%
Expected life of warrants	2 years	2.08 years
Annualized volatility	149 % - 150 %	143%
Dividend rate	0.00%	0%

Broker's Units

At November 30, 2010, the Company had nil (2009: nil post-consolidation) broker's units outstanding entitling the holders thereof the right to purchase one common share with a further warrant as follows:

	Number	Exercise Price	Expiry Date
Unit common share	416,666	$0.12	July 31, 2009
Warrant	416,666	$0.24	July 31, 2009
November 30, 2008	835,340		
December 1, 2008 Consolidation 10:1			
Unit common share	41,667	$1.20	July 31, 2009
Warrant	41,667	$2.40	July 31, 2009
	83,534		
Expired	(83,534)		
November 30, 2010 and 2009	-		

8. SHARE CAPITAL – Continued

d) Escrow Shares:

The Company issued 200,000 (post-consolidation) common shares at a price of $0.50 per share to its directors, officers and founders for gross proceeds of $100,000. These shares are subject to an escrow agreement and are released in accordance with the CPC policy guidelines. An initial 10% was released on completion of the Qualifying Transaction and the remaining shares are released every six months, in 15% increments:

	% Released	Number of Shares Remaining	Number of Shares Released
August 8, 2008	10%		20,000
February 8, 2009	15%		30,000
August 8, 2009	15%		30,000
February 8, 2010	15%		30,000
August 8, 2010	15%		30,000
February 8, 2011	15%	30,000	
August 8, 2011	15%	30,000	
Balance, November 30, 2010		60,000	140,000

9. ACQUISITION OF TRIPLE DRAGON RESOURCES INC.

On April 16, 2008, the Company acquired a 75.25% interest in Triple Dragon Resources Inc. for cash of $601,751. The Company used the purchase method to account for the transaction. The purchase price has been allocated as follows:

Cash	$	**611,846**
Accounts receivable		**3,500**
Prepaid expenses		**63,000**
Accounts payable		**(12,357)**
Goodwill		**100,594**
Non-controlling interest		**(164,832)**
	$	**601,751**

Subsequent to the purchase and prior to November 30, 2008, the Company increased its interest in TDN to 76.10%. During the year ended November 30, 2009, the Company's interest was reduced to 70.08% and a dilution gain of $150,005 was recorded. The remaining 30.17% was reflected on the consolidated balance sheets within non-controlling interests. TDN's income (loss) were included in the Company's net income (loss) and adjusted to reflect the portion attributable to the non-controlling interests.

During the year ended November 30, 2010, the Company's interest was reduced to 69.83% and a dilution gain of $7,951 was recorded.

10. ACQUISITION OF CAMISHA RESOURCES CORP.

On October 15, 2009, the Company acquired 3,000,000 common shares of Camisha, which was incorporated on October 1, 2009, under the laws of British Columbia and did not hold any significant assets and liabilities at the date of acquisition. At November 30, 2009, the Company held 60.00% of the issued and outstanding common shares of Camisha. As a result, the results of operations of Camisha have been consolidated from the date of acquisition for the year ending November 30, 2009. The remaining 40.00% was reflected on the consolidated balance sheets within non-controlling interests, and Camisha's losses were adjusted to reflect the portion attributable to the non-controlling interests.

As at November 30, 2010, the Company owns 27% of the total outstanding shares and therefore does not include Camisha in the current year's consolidated statements. Camisha is accounted for as an investment under the equity method. Camisha started trading May 27, 2010.

11. RELATED PARTY TRANSACTIONS

(a) During the year ended November 30, 2010, the Company earned administrative fees of $1,080,000 (2009: $1,080,000) from a company with common directors and $35,300 (2009: $Nil) from two companies that are accounted for as investments under the equity method.

(b) Total amount due to a related company with common directors as at November 30, 2010 is $45,798 (2009: $27,990). This amount is unsecured, non-interest bearing and due on demand.

(c) Included in wages and benefits expense is $620,375 (2009: $455,495) paid to directors of the Company.

All of the above transactions and balances are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Commitments related to these related party transactions are as follows:

The Company has entered into a Management Service Agreement with Commerce Resources Corp. ("Commerce"), a public company with common directors. Under the Management Service Agreement, the Company provides administrative and management services to Commerce for a fee of $90,000 per month plus applicable taxes. The contract has a term of one year and automatically renews for further terms as agreed to by the parties.

On June 1, 2010, the Company has entered into a Management Service Agreement with Camisha, a company accounted for as an investment under the equity method. Under the Management Service Agreement, the Company provides administrative and management services to Camisha for a fee of $2,500 per month plus applicable taxes. The contract has a term of one year and automatically renews for further terms as agreed to by the parties.

12. LONG-TERM LEASE OBLIGATIONS

The Company leases premises under a long-term lease that expires December 31, 2011. On July 31, 2009, the Company renegotiated the lease to add additional office space. The new lease is for five years starting September 1, 2009 and the basic rent for the combined space is set out in the table below. In addition, the Company is required to pay realty taxes, maintenance, and other costs for the leased premises.

The rent payable in each of the next four fiscal years is as follows:

November 30, 2011	$104,269
November 30, 2012	109,690
November 30, 2013	110,176
November 30, 2014	82,632
	$406,767

13. INCOME TAXES

The income taxes shown in the Consolidated Statements of Operations differ from the amounts obtained by applying statutory rates to income (loss) before income taxes due to the following:

	2010	**2009**
Statutory tax rate	28.63%	30.0%
Income before income taxes	$3,302,633	$ 1,591,944
Expected income taxes	945,458	477,584
Increase (decrease) in income taxes resulting from:		
Items deductible and not deductible for income tax purposes	(745,473)	217,867
Change in statutory rates	(119,008)	24,916
Change in valuation allowance	1,325	(112,235)
Income taxes	$ 82,302	$ 608,132

13. INCOME TAXES - Continued

Details of future income tax assets (liabilities) are as follows:

	2010	2009
Non-capital and net capital losses	$ 329,146	$ 390,045
Investments	(562,653)	(246,943)
Equipment and other	43,259	25,007
	(190,248)	168,109
Less: valuation allowance	(286,190)	(284,865)
	$ (476,438)	$ (116,756)
Future income tax assets	-	79,827
Future income tax liabilities	(476,438)	(196,583)
	$ (476,438)	$ (116,756)

The Company has approximately $1,286,000 of non-capital losses available, which begin to expire in 2026 through to 2030 and may be applied against future taxable income. The Company also has approximately $61,000 of capital losses that may be carried forward and applied against future capital gains. The potential future benefits associated with some of these losses are not reflected in the consolidated financial statements as it can not be considered more likely than not that they will be utilized.

14. SUBSEQUENT EVENTS

(a) On December 8, 2010, the Company and one of its prospecting partners announced that they had optioned a 100% interest in two claim groups located 15 kilometres northeast of Creston, B.C., known as the Sul and the Sud Properties, to Upper Canyon Minerals Corp. In consideration for the interest, Upper Canyon must pay the Company staged cash and share payments totalling $10,000 ($5,000 was received subsequent to November 30, 2010) and two million shares over a 24-month period. The vendors will retain a 2% NSR royalty on the properties. The agreement is subject to the acceptance of the TSX-V. Subsequent to the year ended November 30, 2010, this option agreement was cancelled. The initial payment of $5,000 is non-refundable.

(b) On December 15, 2010, Critical Elements (formerly First Gold Exploration Inc.) announced that it had signed an agreement with the Company and its joint venture partners, C&C, to acquire a 100% interest in seven rare earth element (REE) and niobium properties in southeastern British Columbia. Critical Elements has the option to earn a 100-per-cent interest in the seven properties by making the following cash and share payments to the Company: (i) $12,500 on signing (received subsequent to November 30, 2010); (ii) $50,000 (received subsequent to November 30, 2010) and one million common shares (received subsequent to November 30, 2010) on TSX Venture Exchange acceptance; (iii) five hundred thousand common shares on the first anniversary; and (iv) five hundred thousand common shares on the second anniversary. During the term of the agreement Critical Elements shall ensure that the claims are maintained in good standing. The vendors will retain a 2% net smelter royalty on the properties; 1% of which can be purchased by Critical Elements for $1-million and the second 1% of which can be purchased by Critical Elements for $5-million. The transaction was accepted by the TSX Venture Exchange subsequent to November 30, 2010.

14. SUBSEQUENT EVENTS – Continued

(c) On January 6, 2011, Canada Rare Earths Inc. (formerly Canada Gas Corp.) announced that it had signed an agreement with the Company and one of its prospecting partners to acquire a 100% interest in the Goeland Rare Earth Property, located 215 km north of Val d'Or in the Abitibi region of Quebec. For its participation in the transaction, the Company will receive $12,500 cash on signing (received subsequent to November 30, 2010) and staged share payments totalling 1,250,000 common shares over a 36 month period (500,000 received subsequent to November 30, 2010). The vendors will retain a 2% Net Smelter Royalty on the properties. The transaction was accepted by the TSX Venture Exchange subsequent to November 30, 2010.

(d) Subsequent to the year ended November 30, 2010, 476,427 share purchase warrants were exercised for proceeds of $714,641 and 10,400 options were exercised for proceeds of $9,360.

15. COMPARATIVE FIGURES

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