



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2011

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Metallum Resources Inc. [the "Company"] are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Metallum Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

As at	September 30, 2011	December 31, 2010 (Note 10)	January 1, 2010 (Note 10)
ASSETS			
Current			
Cash and cash equivalents	\$ 5,284,813	\$ 5,573,650	\$ 469,297
Sundry receivables	10,178	3,878	10,334
Prepaid expenses	12,418	2,406	4,569
Loan receivable	-	250,000	500,000
Investment in Trelawney Resources Inc.	-	-	2,900,000
	5,307,409	5,829,934	3,884,200
Equipment (Note 5)	12,702	16,002	5,588
Other Assets			
Deferred mineral property expenditures (Note 6)	233,144	122,706	90,656
Mineral property acquisitions	121,188	11,755	11,755
	354,332	134,461	102,411
TOTAL ASSETS	\$ 5,674,443	\$ 5,980,397	\$ 3,992,199
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 22,469	\$ 56,758	\$ 129,486
EQUITY			
Capital stock (Note 7)	5,950,804	5,950,804	5,950,804
Reserves	1,741,756	1,725,814	1,413,449
Accumulated deficit	(2,040,586)	(1,752,979)	(3,501,540)
	5,651,974	5,923,639	3,862,713
TOTAL LIABILITIES AND EQUITY	\$ 5,674,443	\$ 5,980,397	\$ 3,992,199

Basis of Presentation (Note 1)

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

Metallum Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010 (Note 10)	2011	2010 (Note 10)
EXPENSES				
General and administrative (Note 9)	92,139	91,815	\$ 290,918	\$ 384,732
Operating loss before the following	(92,139)	(91,815)	(290,918)	(384,732)
Interest income	1,250	647	3,311	1,321
Gain on sale of investment in Trelawney Resources Inc.	-	-	-	2,600,712
NET (LOSS) INCOME FOR THE PERIOD	(90,889)	(91,168)	(287,607)	2,217,301
Change in unrealized gain on available-for-sale marketable securities	-	-	-	50,000
TOTAL COMPREHENSIVE (LOSS) INCOME	\$ (90,889)	\$ (91,168)	\$ (287,607)	\$ 2,267,301
Basic and diluted (loss) income per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ 0.04
Weighted average number of shares outstanding	53,803,828	53,803,828	53,803,828	53,803,828

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

Metallum Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

	Common Shares	Share Capital	Equity Settled Share Based Payments Reserve	Available- for-sale Revaluation Reserve	Deficit	Total
Balance, December 31, 2009	53,803,828	\$5,950,804	\$1,363,449	\$ 50,000	\$(3,501,540)	\$ 3,862,713
Stock-based compensation	-	-	565	-	-	565
Change in unrealized gains on available-for-sale marketable securities	-	-	-	(50,000)	-	(50,000)
Net loss for the period	-	-	-	-	2,217,301	2,217,301
Balance, September 30, 2010	53,803,828	\$5,950,804	\$1,364,014	\$ -	\$(1,284,239)	\$ 6,030,579
Balance, December 31, 2010	53,803,828	\$5,950,804	\$1,725,814	\$ -	\$(1,752,979)	\$ 5,923,639
Stock-based compensation	-	-	15,942	-	-	15,942
Net loss for the period	-	-	-	-	(287,607)	(287,607)
Balance, September 30, 2011	53,803,828	\$ 5,950,804	\$ 1,741,756	\$ -	\$(2,040,586)	\$ 5,651,974

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

Metallum Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES				
Net (loss) income for the period	\$ (90,889)	\$ (91,168)	\$ (287,607)	\$ 2,217,301
Amortization	1,100	1,416	3,300	2,004
Gain on sale of investment in Trelawney Resources Inc.	-	-	-	(2,600,712)
Stock-based compensation	9,678	-	15,942	565
Net change in non-cash working capital:				
Sundry receivables	2,286	(4,921)	(6,300)	1,250
Prepaid expenses	(267)	20,519	(10,012)	(1,015)
Accounts payable and accrued liabilities	3,630	(9,735)	(34,289)	(81,940)
	(74,462)	(83,889)	(318,966)	(462,547)
INVESTING ACTIVITIES				
Deferred mineral property expenditures	(142,726)	-	(219,871)	(20,429)
Net proceeds on sale of investments	-	-	-	5,450,712
Acquisition of equipment	-	(14,962)	-	(14,962)
	(142,726)	(14,962)	(219,871)	5,415,321
FINANCING ACTIVITIES				
Cash received on repayment of loan receivable	-	-	250,000	-
CHANGE IN CASH	(217,188)	(98,851)	(288,837)	4,952,774
CASH, BEGINNING OF PERIOD	5,502,001	5,520,922	5,573,650	469,297
CASH, END OF PERIOD	\$ 5,284,813	\$ 5,422,071	\$ 5,284,813	\$ 5,422,071
SUPPLEMENTARY CASH FLOW INFORMATION:				
Interest received	\$ 1,250	\$ 647	\$ 3,311	\$ 6,138

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

Metallum Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
For the Three and Nine Months Ended September 30, 2011
(Unaudited)

1. BASIS OF PRESENTATION

Metallum Resources Inc. (the "Company" or "Metallum") carries on business involving the acquisition, exploration and development of properties for the mining of precious and base metals. The Company holds an option to earn a 70% interest in a gold and silver property in the province of Chubut, Argentina. The primary office of the Company is located at 67 Yonge Street, Suite 602, Toronto, Ontario, Canada, M5E 1J8.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on November 22, 2011.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned significant revenue and has an accumulated deficit of \$2,040,586. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

As at September 30, 2011, the Company had cash and cash equivalents of \$ 5,284,813 (December 31, 2010 - \$ 5,573,650 and January 1, 2010 - \$ 469,297) and working capital of \$ 5,284,940 (December 31, 2010 - \$ 5,773,176 and January 1, 2010 - \$ 3,754,714). Management of the Company believes that it has sufficient funds to pay its ongoing work commitments, administrative expenses and its liabilities for the ensuing twelve months as they normally fall due.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These are the Company's second financial statements prepared in accordance with International Financial Reporting Standards ["IFRS"]. Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ["Canadian GAAP"]. The disclosures required by the provisions of IFRS 1, "First-time adoption of International Financial Reporting Standards", have been applied and the impact of the transition from Canadian GAAP to IFRS is explained in Note 10.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ["IAS 34"]. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ["IASB"] and interpretations of the International Financial Reporting Interpretations Committee ["IFRIC"] and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2010.

The accounting policies set out below have been applied consistently to all periods presented in preparing the opening IFRS balance sheet at January 1, 2010 (Note 10) for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards [IFRS 1].

These unaudited condensed interim consolidated financial statements have been prepared on the basis of IFRS standards that are expected to be effective on December 31, 2011, the Company's first annual reporting date under IFRS. The Company has made certain assumptions about the accounting policies expected to be adopted when the first IFRS annual financial statements are prepared for the year ended December 31, 2011.

Metallum Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
For the Three and Nine Months Ended September 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

Basis of Consolidation

The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, Metallum S.A. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Financial Instruments

Financial Assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

Financial Liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other Financial Liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or to the net carrying amount on initial recognition.

Metallum Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

For the Three and Nine Months Ended September 30, 2011

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

De-recognition of Financial Liabilities

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments consist of the following:

Financial Assets:	Classification:
Cash and cash equivalents	FVTPL
Sundry receivable	Loans and receivables
Loan receivable	Loans and receivables
Financial Liabilities:	Classification:
Accounts payable and other liabilities	Other financial liabilities

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts or loans receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the unaudited condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities; Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs]. As of June 30, 2011, December 31, 2010 and January 1, 2010 cash and cash equivalents was classified as Level 1 on the audited condensed interim consolidated statements of financial position.

Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The Company has identified the following cash-generating unit: M-18 Property. The Company has assessed its assets and has determined that there is no impairment of its non-financial assets.

Metallum Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
For the Three and Nine Months Ended September 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and Evaluation Expenditures

The Company is in the exploration stage with respect to its investment in resource property costs and accordingly follows the practice of capitalizing significant property acquisition payments for active exploration properties. The Company expenses exploration and evaluation expenditures as incurred. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes, in income, costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment 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.

Equipment is amortized using the declining-balance method, which is based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates with half the rate applied in the year of acquisition:

Computers	30%
Furniture and Fixtures	20%

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

An item of equipment is de-recognized 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 statements of comprehensive income or loss.

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Metallum Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
For the Three and Nine Months Ended September 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and higher yield investment and savings accounts that are available on demand by the Company for its programs.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company had no material provisions at September 30, 2011, December 31, 2010, or January 1, 2010.

Share-Based Payment Transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes [direct employee] or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Metallum Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
For the Three and Nine Months Ended September 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares outstanding, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

Foreign Currencies

The functional currency, as determined by management, of the Company and each of its subsidiaries is the Canadian Dollar. The unaudited condensed interim consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

Significant Accounting Judgements and Estimates

The preparation of these unaudited condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Metallum Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
For the Three and Nine Months Ended September 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical Accounting Estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Recoverability of Amounts Receivable

Management is required to make estimates on the recoverability of accounts receivables that are included in the unaudited condensed interim consolidated statements of financial position. Change in the estimate could increase the income reported by the company. No impairment of amounts receivable has been recorded as at September 30, 2011, December 31, 2010, or January 1, 2010.

Useful Life of Equipment

Equipment is amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the period and the carrying value of equipment.

Stock-Based Compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statement of operations based on estimates of forfeiture and expected lives of the underlying stock options. For the three and nine months ended September 30, 2011 the Company recognized \$9,678 and \$15,942 in stock-based compensation expenses (three and nine months ended September 30, 2010 - \$nil and \$565).

Critical Accounting Judgements

Income taxes and recovery of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Restoration, Rehabilitation and Environmental Obligations

Management's assumption of no material restoration, rehabilitation and environmental exposure, is based on the facts and circumstances that existed in the current and prior periods.

Metallum Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(EXPRESSED IN CANADIAN DOLLARS)
For the Three and Nine Months Ended September 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards and Interpretations

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ["IAS 39"]. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

IFRS 10 Consolidated Financial Statements ("IFRS 10")

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Company is assessing the impact of IFRS 10 on its financial statements.

IFRS 11 Joint Arrangements ("IFRS 11")

IFRS 11 replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 and IAS 36 Impairment of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The Company is assessing the impact of IFRS 11 on its financial statements.

IFRS 13, Fair Value Measurement ("IFRS 13")

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 13 on its consolidated financial statements.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards and Interpretations (Continued)

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

Future Accounting Changes

The IASB is expected to publish new IFRSs on the following topics during 2011. The Company will assess the impact of these new standards on the Company's operations as they are published:

- Hedge accounting;
- Leases;
- Revenue recognition; and
- Financial instruments

3. Capital Management

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be equity, comprising capital stock, equity settled share based payments reserve, available-for-sale revaluation reserve, and deficit, which at September 30, 2011 totaled \$5,651,974 (December 31, 2010 - \$5,923,639 and January 1, 2010 - \$3,862,713). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three and nine months ended September 30, 2011. The Company is not subject to externally imposed capital requirements.

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4. Property and Financial Risk Factors

(a) Property Risk

The Company's significant mineral property is the M-18 Property (the "Project"). Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the Project. If no additional mineral properties are acquired by the Company, any adverse development affecting the Project would have a material adverse effect on the Company's financial condition and results of operations.

Also, currently in the Province of Chubut there exists a ban on the use of cyanide in ore milling operations as well as a ban on open-pit mining. Either of these bans could impact precious metal production from the M-18 property should they still be in existence at a time in the future when a production decision for the M-18 property is being considered.

(b) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate, foreign exchange rate, and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash at banks and on hand, short-term deposits with an original maturity of three months or less. The cash on hand, guaranteed investment certificates and certificates of deposit have been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote.

Sundry receivables consist of harmonized sales tax due from the Federal Government of Canada, interest and other receivables. Sundry receivables are in good standing as of September 30, 2011. Management believes that the credit risk concentration with respect to accounts receivable is remote.

Market Risks

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company regularly monitors its cash management policy.

(ii) Price Risk

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

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4. Property and Financial Risk Factors (Continued)

(b) Financial Risk (Continued)

Market Risks (Continued)

(iii) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at September 30, 2011, the Company had a cash balance of \$5,284,813 (December 31, 2010 - \$5,573,650) to settle current liabilities of \$22,469 (December 31, 2010 - \$56,758). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Fair Value

The Company has, for accounting purposes, designated its cash and cash equivalents as FVTPL, which are measured at fair value. Sundry receivables and loans receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost and are equal to fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost and are also equal to fair market value.

As at September 30, 2011, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Sensitivity Analysis

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

- (i) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious and base metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them.

As of September 30, 2011, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Metallum Resources Inc.

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5. EQUIPMENT

COST	Computer	Furniture and Fixtures	Total
Balance, January 1, 2010	\$ 6,389	\$ 7,867	\$ 14,256
Additions	\$ 14,962	-	14,962
Balance, September 30, 2010	\$ 21,351	7,867	29,218
Additions	\$ 1,248	-	1,248
Balance, December 31, 2010	\$ 22,599	\$ 7,867	\$ 30,466
Additions	\$ -	-	-
Balance, September 30, 2011	\$ 22,599	\$ 7,867	\$ 30,466

ACCUMULATED AMORTIZATION	Computer	Furniture and Fixtures	Total
Balance, January 1, 2010	\$ 5,801	\$ 2,867	\$ 8,668
Amortization for the period	\$ 1,254	750	2,004
Balance, September 30, 2010	\$ 7,055	3,617	10,672
Amortization for the period	\$ 3,542	250	3,792
Balance, December 31, 2010	\$ 10,597	\$ 3,867	\$ 14,464
Amortization for the period	\$ 2,700	600	3,300
Balance, September 30, 2011	\$ 13,297	\$ 4,467	\$ 17,764

CARRYING AMOUNT	Computer	Furniture and Fixtures	Total
Balance, January 1, 2010	\$ 588	\$ 5,000	\$ 5,588
Balance, September 30, 2010	\$ 14,296	\$ 4,250	\$ 18,546
Balance, December 31, 2010	\$ 12,002	\$ 4,000	\$ 16,002
Balance, September 30, 2011	\$ 9,302	\$ 3,400	\$ 12,702

Metallum Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

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6. DEFERRED MINERAL PROPERTY EXPENDITURES AND MINERAL PROPERTY ACQUISITIONS

Cumulative acquisition costs per project under active exploration:

M-18 Property

Balance, January 1, 2010	\$	102,411
Additions - professional fees		20,429
Balance, September 30, 2010		122,840
Additions - professional fees		11,621
Balance, December 31, 2010		134,461
Additions:		
Professional and consulting		61,477
Geophysics		48,961
Land Lease		109,433
Balance, September 30, 2011	\$	354,332

- i) On a quarterly basis, management of the Company reviews acquisition costs to ensure resource property costs include only costs and projects that are eligible for capitalization.
- ii) For a description of the resource properties owned by the Company refer to Note 7 of the audited consolidated financial statements as at December 31, 2010.

7. CAPITAL STOCK

(a) AUTHORIZED

Unlimited number of common shares

(b) ISSUED

	SHARES	AMOUNT
Balance - December 31, 2010 and September 30, 2011	53,803,828	\$ 5,950,804

8. STOCK OPTIONS

The following table reflects the continuity of stock options for the period:

	NUMBER OF STOCK OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE
Balance - December 31, 2010	4,275,000	\$0.13
Granted	150,000	0.19
Balance - September 30, 2011	4,425,000	\$0.13

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8. STOCK OPTIONS (Continued)

On June 1, 2011, the Company granted 150,000 compensation options to an investor relations consultant, exercisable for a period of 5 years at \$0.19. The options were assigned a fair value of \$26,100, using the Black-Scholes valuation model with the following assumptions: a five year expected life, volatility of 152.45%, risk-free interest rate of 2.33%, a dividend yield and forfeiture rate of 0%. These options vest in accordance with the Company's stock option plan.

The following table reflects the stock options outstanding as at September 30, 2011:

Expiry Date	Exercise Price (\$)	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value
June 1, 2016	0.19	4.66 years	150,000	\$ 26,100
November 8, 2015	0.145	3.86 years	2,700,000	361,800
February 20, 2012	0.135	0.39 years	100,000	13,000
May 1, 2013	0.10	1.34 years	1,325,000	103,350
November 7, 2013	0.10	1.86 years	150,000	3,900
	0.13	3.22 years	4,425,000	\$ 508,150

As at September 30, 2011, 4,312,500 of the 4,425,000 issued and outstanding stock options were fully vested and exercisable.

9. GENERAL AND ADMINISTRATIVE

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Consulting and wages	\$ 33,477	\$ 43,685	\$ 104,481	\$ 103,459
Professional fees	5,807	47,069	42,680	180,541
Insurance	9,987	10,960	24,992	27,317
Directors fees	10,250	-	28,250	-
Investor relations	15,000	-	20,000	-
Stock exchange and maintenance fees	2,060	(32,493)	18,339	21,605
Stock-based compensation	9,678	-	15,942	565
Office and administration	3,716	3,837	12,756	14,311
Advertising and promotion	2,067	1,684	12,329	6,118
Rent	3,300	3,300	9,900	9,900
Conference	3,042	12,357	5,294	18,912
Amortization	1,100	1,416	3,300	2,004
(Gain) loss on foreign exchange	(7,345)	-	(7,345)	-
	\$ 92,139	\$ 91,815	\$ 290,918	\$ 384,732

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

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10. CONVERSION TO IFRS

(i) Overview

As stated in Significant Accounting Policies note 2, these are the Company's first unaudited condensed interim consolidated financial statements prepared in accordance with IAS 34, using accounting policies consistent with IFRS.

The accounting policies described in note 2 have been applied in preparing the condensed interim consolidated financial statements for the nine months ended September 30, 2011 and in preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company's Transition Date) and December 31, 2010.

(ii) First-Time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS consolidated statement of financial position as at January 1, 2010.

- To apply IFRS 2 Share based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply the transition provisions of IFRIC 4 Determining Whether an Arrangement Contains a Lease, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date. The Company has no leases.

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

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

(iii) Changes to Accounting Policies

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

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10. CONVERSION TO IFRS (Continued)

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of non-financial assets

IFRS requires a write down of assets if the higher of the fair value less costs to sell and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

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

(b) Decommissioning Liabilities (Asset Retirement Obligations)

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

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

(c) Presentation

Certain amounts on the unaudited condensed interim consolidated statement of financial position, statement of loss and comprehensive loss and statement of cash flows have been reclassified to conform to the presentation adopted under IFRS.

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Notes to Condensed Interim Consolidated Financial Statements

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10. CONVERSION TO IFRS (Continued)

(iv) *Reconciliation between IFRS and Canadian GAAP*

The January 1, 2010 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

January 1, 2010	Canadian GAAP	IFRS Adjustments	IFRS Reclassifications	IFRS
Assets				
Current assets				
Cash and cash equivalents	\$ 469,297	\$ -	\$ -	\$ 469,297
Sundry receivables	10,334	-	-	10,334
Prepaid expenses	4,569	-	-	4,569
Loan receivable	500,000	-	-	500,000
Investment in Trelawney Resources Inc.	2,900,000	-	-	2,900,000
	3,884,200	-	-	3,884,200
Equipment	5,588	-	-	5,588
Deferred mineral property expenditures	90,656	-	-	90,656
Mineral property acquisitions	11,755	-	-	11,755
	\$ 3,992,199	\$ -	\$ -	\$ 3,992,199
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 129,486	\$ -	\$ -	\$ 129,486
Shareholders' Equity				
Share capital	5,950,804	-	-	5,950,804
Stock options	152,036	-	(152,036)	-
Contributed surplus	1,211,413	-	(1,211,413)	-
Reserves	-	-	1,413,449	1,413,449
Deficit	(3,501,540)	-	-	(3,501,540)
Accumulated other comprehensive income	50,000	-	(50,000)	-
	3,862,713	-	-	3,862,713
	\$ 3,992,199	\$ -	\$ -	\$ 3,992,199

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

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10. CONVERSION TO IFRS (Continued)

(iv) *Reconciliation between IFRS and Canadian GAAP (continued)*

The September 30, 2010 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

September 30, 2010	Canadian GAAP	IFRS Adjustments	IFRS Reclassifications	IFRS
Assets				
Current assets				
Cash and cash equivalents	\$ 5,422,071	\$ -	\$ -	\$ 5,422,071
Sundry receivable	9,084	-	-	9,084
Prepaid expense	5,584	-	-	5,584
Loan receivable	500,000	-	-	500,000
Investment in Trelawney Resources Inc.	-	-	-	-
	5,936,739	-	-	5,936,739
Equipment	18,546	-	-	18,546
Deferred mineral property expenditures	111,085	-	-	111,085
Mineral property acquisition	11,755	-	-	11,755
	\$ 6,078,125	\$ -	\$ -	\$ 6,078,125
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 47,546	\$ -	\$ -	\$ 47,546
Shareholders' Equity				
Share capital	5,950,804	-	-	5,950,804
Stock options	120,250	-	(120,250)	-
Contributed surplus	1,243,764	-	(1,243,764)	-
Reserves	-	-	1,364,014	1,364,014
Deficit	(1,284,239)	-	-	(1,284,239)
Accumulated other comprehensive income	-	-	-	-
	6,030,579	-	-	6,030,579
	\$ 6,078,125	\$ -	\$ -	\$ 6,078,125

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

Metallum Resources Inc.

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10. CONVERSION TO IFRS (Continued)

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

The December 31, 2010 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

December 31, 2010	Canadian GAAP	IFRS Adjustments	IFRS Reclassifications	IFRS
Assets				
Current assets				
Cash and cash equivalents	\$ 5,573,650	\$ -	\$ -	\$ 5,573,650
Sundry receivables	3,878	-	-	3,878
Prepaid expenses	2,406	-	-	2,406
Loan receivable	250,000	-	-	250,000
	5,829,934	-	-	5,829,934
Equipment	16,002	-	-	16,002
Deferred mineral property expenditures	122,706	-	-	122,706
Mineral property acquisitions	11,755	-	-	11,755
	\$ 5,980,397	\$ -	\$ -	\$ 5,980,397
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 56,758	\$ -	\$ -	\$ 56,758
Shareholders' Equity				
Share capital	5,950,804	-	-	5,950,804
Stock options	482,050	-	(482,050)	-
Contributed surplus	1,243,764	-	(1,243,764)	-
Reserves	-	-	1,725,814	1,725,814
Deficit	(1,752,979)	-	-	(1,752,979)
	5,923,639	-	-	5,923,639
	\$ 5,980,397	\$ -	\$ -	\$ 5,980,397

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

Metallum Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

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10. CONVERSION TO IFRS (Continued)

(iv) *Reconciliation between IFRS and Canadian GAAP (continued)*

The year ended December 31, 2010 Canadian GAAP consolidated statement of loss and comprehensive loss has been reconciled to IFRS as follows:

	Canadian GAAP	IFRS Adjustments	IFRS Reclassifications	IFRS
EXPENSES:				
Stock-based compensation	\$ 362,365	\$ -	\$ (362,365)	\$ -
Professional fees	204,685	-	(204,685)	-
Consulting fees	138,307	-	(138,307)	-
Insurance	32,744	-	(32,744)	-
Stock maintenance and exchange fees	25,249	-	(25,249)	-
Travel	25,028	-	(25,028)	-
Conference	20,281	-	(20,281)	-
General and administrative	17,194	-	836,896	854,090
Rent	13,200	-	(13,200)	-
Advertising and promotion	9,241	-	(9,241)	-
Amortization	5,796	-	(5,796)	-
Operating loss before the following	(854,090)	-	-	(854,090)
Interest income	1,939	-	-	1,939
Gain on sale of investment in Trelawney Resources Inc.	2,600,712	-	-	2,600,712
NET INCOME	1,748,561	-	-	1,748,561
Change in unrealized gains on available-for-sale marketable securities	(50,000)	-	-	(50,000)
NET COMPREHENSIVE INCOME	\$ 1,698,561	\$ -	\$ -	\$ 1,698,561

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

Metallum Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

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10. CONVERSION TO IFRS (Continued)

(iv) *Reconciliation between IFRS and Canadian GAAP (continued)*

The three months ended September 30, 2010 Canadian GAAP consolidated statement of loss and comprehensive loss has been reconciled to IFRS as follows:

	Canadian GAAP	IFRS Adjustments	IFRS Reclassifications	IFRS
EXPENSES:				
Professional fees	\$ 47,069	\$ -	\$ (47,069)	\$ -
Consulting fees	43,685	-	(43,685)	-
Insurance	10,960	-	(10,960)	-
Stock maintenance and exchange fees	(32,493)	-	32,493	-
Conference	12,357	-	(12,357)	-
General and administrative	3,837	-	87,978	91,815
Rent	3,300	-	(3,300)	-
Advertising and promotion	1,684	-	(1,684)	-
Amortization	1,416	-	(1,416)	-
Operating loss before the following	(91,815)	-	-	(91,815)
Interest income	647	-	-	647
NET LOSS AND COMPREHENSIVE LOSS	(91,168)	-	-	(91,168)

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

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10. CONVERSION TO IFRS (Continued)

(iv) *Reconciliation between IFRS and Canadian GAAP (continued)*

The nine months ended September 30, 2010 Canadian GAAP consolidated statement of loss and comprehensive loss has been reconciled to IFRS as follows:

	Canadian GAAP	IFRS Adjustments	IFRS Reclassifications	IFRS
EXPENSES:				
Stock-based compensation	\$ 565	\$ -	\$ (565)	\$ -
Professional fees	180,541	-	(180,541)	-
Consulting fees	103,459	-	(103,459)	-
Insurance	27,317	-	(27,317)	-
Stock maintenance and exchange fees	21,605	-	(21,605)	-
Conference	18,912	-	(18,912)	-
General and administrative	14,311	-	370,421	384,732
Rent	9,900	-	(9,900)	-
Advertising and promotion	6,118	-	(6,118)	-
Amortization	2,004	-	(2,004)	-
Operating loss before the following	(384,732)	-	-	(384,732)
Interest income	1,321	-	-	1,321
Gain on sale of investment in Trelawney Resources Inc.	2,600,712	-	-	2,600,712
NET INCOME	2,217,301	-	-	2,217,301
Change in unrealized gains on available-for-sale marketable securities	50,000	-	-	50,000
NET COMPREHENSIVE INCOME	\$ 2,267,301	\$ -	\$ -	\$ 2,267,301

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