



GOLDEN SHARE
MINING CORPORATION

ANNUAL REPORT 2010



Dear Shareholders,

The management of Golden Share Mining Corporation (« Golden Share » or the « Company ») is pleased to provide you with its 2010 annual report. The Company's business plan focussed on the development of a well diversified portfolio of gold properties in eastern Canada remains sound and is further validated by continued recent gold discoveries and production decisions in the region, an enduring strong gold price and increased political tensions in many parts of the world, significantly adding value to resource plays developed in politically stable environments.

In 2010 Golden Share has strengthened its resource base and ventured into a new mining camp with the following developments :

- In May 2010, we announced a NI 43-101 compliant, 150,699 oz Au resource on the JF West Zone of the Pistol Lake property (2,857,200 MT @ 1.64 g/t Au at 1.00 g/t Au cut off). This resource remains open in all directions.
- In October 2010, we announced the acquisition of the Berens River Property in the Red Lake district of Northwestern Ontario, host to the past producing Berens River Mine which was operated by a subsidiary of Newmont Mining from 1939 to 1948 and produced 158,000 ounces of gold and 5.8 million ounces of silver as well as 1.7 million pounds of zinc and 6.1 million pounds of lead.

As a result, Golden Share now has an established presence in three gold camps of Eastern Canada, namely, Val d'Or-Malartic, Red Lake and Shebandowan. These technical developments and strategic milestones, together with the increased visibility from important road show activity, have provided a positive re-evaluation of the Company's share price in the fourth quarter and allowed Golden Share to close a \$ 1.7 million financing.

The year 2011 started on a strong note with the appointment of Mr. Frizelle and Mr. Raman to the Advisory Board of the Company. Their remarkable financial and technical track record with junior companies has earned them a much respected position in the mining industry and their input has already proved extremely valuable for the strategic development of the Company.

Furthermore, on March 25th 2011, the Company signed a letter of intent to acquire Lake Shore Gold Corp.'s 100% interest in the Band Ore gold property, located in the Shebandowan belt of northwestern Ontario. Under the terms of the LOI, and if the Band Ore transaction is successfully completed, Lake Shore Gold Corp. would in return obtain a 19.99% interest in Golden Share. The Conacher property, acquired in early March 2011, ties in both the Pistol Lake and Band Ore properties in one cohesive 18 km long land package referred to as the "Shebandowan Project".

The Southern part of Northwestern Ontario is increasingly being recognized as an emerging gold province as demonstrated by Rainy River's discoveries and Osisko Mining Corporation's take over of Brett Resources Inc. following the discovery of the 6.7 M oz Au Hammond Reef deposit. At the end of April 2011, Golden Share closed a \$3,400,000 private placement, notably with Dundee Corporation and Libra Advisors, world recognized resource investors, for the development of the Shebandowan project.

We look forward to 2011 with great optimism and will continue to work relentlessly to increase Golden Share's value for the benefit of all shareholders.

Sincerely;

Philippe Giaro
President and CEO
Golden Share Mining Corporation

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDING DECEMBER 31, 2010 DATED APRIL 29, 2011

As the price of gold keeps firming, the year 2010 has fully validated the strategy of Golden Share Mining Corporation (« Golden Share » or the « Company ») to develop a vibrant portfolio of resource and blue-sky projects in Northern Quebec and Ontario, two of the world's best mining jurisdictions. Recent political turmoil in the Middle East has once again confirmed the validity of a business plan focussed on developing mining projects in a politically stable mining jurisdiction.

The year 2010 was highlighted by the finalization of a resource calculation on the Pistol Lake Property. This is the second property on which Golden Share announces NI 43-101 standard resources. Significant achievements have accelerated towards the end of the year with first the acquisition of the Berens River Property in the Red Lake district of Northwestern Ontario, host to the past producing Berens River Mine which was operated by a subsidiary of Newmont Mining from 1939 to 1948 and produced notably 158,000 ounces of gold and 5.8 million ounces of silver. Moreover, the share price appreciation of the last quarter has also allowed Golden Share to close a \$ 1.7 million financing. Drill target definition commenced immediately thereafter through first pass surface evaluation and historical information compilation on Berens River, detailed IP surveys on Elwood and Forsan and a structural study on Malartic Lakeshore. Our follow-up diamond drilling program on Malartic Lakeshore is due to start by the end of April 2011.

Management has also been very active since the beginning of 2011, first with the nomination of Mr. Frizelle and Mr. Raman to the Advisory Board of the Company. Their experience and contacts will prove extremely valuable for the strategic development of the Company and their acceptance of this mandate further underpins the quality of Golden Share's property portfolio and management.

Moreover, the signature of a letter of intent to acquire Lake Shore Gold Corp.'s 100% interest in the Band Ore gold property, located in northwestern Ontario, represents a true strategic milestone in the Company's development as Golden Share will control an 18 km of strike length along the northern part of the Shebandowan belt highlighted by two advanced gold targets : Pistol Lake JF's West zone and the Band Ore deposit. The Conacher property, acquired in early March 2011, ties in both the Pistol Lake and Band Ore properties in one cohesive land package. The resulting property will be referred to as the "Shebandowan Project".

The Southern part of Northwestern Ontario is increasingly being recognized as an emerging gold province. West of the Shebandowan project, in the Fort Frances area, Rainy River has so far defined over 5 M oz Au in Indicated and Inferred Resources on their Rainy River Project. In the Atikokan area, Osisko Mining Corporation acquired Brett Resources Inc. following the discovery of the 6.7 M oz Au Hammond Reef deposit.

Given the emergence of this new gold province and the renewed importance of the Shebandowan project for the Company, important exploration work will be undertaken by the Company in this region. At the end of April 2011, Golden Share closed a \$3,400,000 private placement, notably with Dundee Corporation and Libra Advisors, world recognized resource investors, for the development of the Shebandowan project.

ONTARIO – SHEBANDOWAN AREA

Golden Share considers that the southern part of northwestern Ontario is increasingly being recognized as an emerging gold province. In the Fort Frances area, Rainy River has so far defined over 5 M oz Au in Indicated and Inferred Resources on their Rainy River Project. In the Atikokan area, Osisko Mining Corporation acquired Brett Resources Inc. following the discovery of the 6.7 M oz Au Hammond Reef deposit. The Shebandowan greenstone belt lies at the eastern end of this prolific province and is the object of intensifying exploration. Foundation Resources Inc. and Alto Ventures reported diamond drilling results of 8.39 g/t Au over 11.0 m and 4.88 g/t Au over 27.3 m on the East Coldstream Deposit located 15 km west of Golden Share's Shebandowan Project. In July 2010, Moss Lake Gold Mines Ltd. provided an upgraded NI 43-101 resource estimate for its + 1 M oz Au Moss Lake deposit.

PISTOL LAKE PROPERTY

The Pistol Lake property is located 70 km west of the city of Thunder Bay, Ontario, Canada. It consists in 33 claims and covers a total area of 34.5 km².

Acquisition terms

In October 2008, the Company entered into an option agreement with a local property owner to acquire a 100% interest in the Pistol Lake Property over four years by meeting the following conditions:

- By paying the Vendor a total of \$150,000; \$50,000 on the second anniversary date of signature of the Agreement, \$50,000 on the third anniversary date of signature of the Agreement and \$50,000 on the fourth anniversary date of signature of the Agreement. Half of the third payment, or \$25,000, can be executed by the issuance of a number of common shares representing the sum \$25,000 according to market price at the time of the last installment;
- By issuing the Vendor a total of 300,000 Golden Share common shares; 75,000 shares upon signature, 75,000 shares on the first anniversary date, 75,000 shares on the second anniversary date and 75,000 shares on the third anniversary date;
- By incurring a total of \$400,000 in exploration expenditures; \$100,000 in the first year, \$100,000 in the second, \$100,000 in the third and \$100,000 in the fourth.

Following the acquisition of a 100% interest by Golden Share, the Vendor will retain a 3% Royalty (the "Royalty"). Golden Share will have the right to purchase a portion equal to a first third of the Royalty for \$500,000 (1% Royalty). Additionally, Golden Share will have the right to purchase a portion equal to a second third of the Royalty for \$1,000,000 (1% Royalty). The Vendor will thereafter retain the final third of the Royalty (1% Royalty).

Moreover, following the acquisition of the 100% interest, Golden Share shall make the Vendor annual advance-royalty payments for a total sum of \$20,000 per year. Such yearly advance-royalty payments will be payable each future anniversary date starting on the 5th anniversary date of signature of the agreement. Such payments are to be deducted from any Royalty payments to be made to the Vendor as defined above. Before the 9th anniversary date of signature of the agreement, Golden Share may elect, at its sole discretion, to execute half of the yearly \$20,000 payments by the issuance of a number of common shares representing the sum of \$10,000 according to the market price at such date.

Geological setting

The Pistol Lake property is accessible by road and located in the Shebandowan greenstone belt, a classic Archean sequence exhibiting strong similarities to the Hemlo, Timmins, Kirkland Lake and Val d'Or gold camps both in geological and tectonic evolution. Over 30 gold occurrences with assays up to 124.80 g/t Au are recorded on the Pistol Lake Property over a great variety of geological settings. These gold occurrences are at various stages of development and offer great exploration potential for additional discoveries.

Golden Share exploration history

A thorough initial 2008 exploration program comprising systematic compilation, prospecting, geological mapping, channel sampling and a first diamond drilling program was executed by Golden Share on three important areas of the property, the JF West Zone, the Calchris Zone and the Contact Zone. The program highlighted the potential of the virtually unexplored Contact Zone on the property and confirmed the importance of the JF West system.

The 2009 program was aimed at evaluating mineralization hosted in the Shebandowan Felsic Intrusive Complex ("SFIC"). Surface field reconnaissance was executed in the fall 2009 prior to a short drilling campaign. The main trench was mapped over 160 m across the Martin Bay zone and exposes strongly altered monzonite hosting trace to 5% pyrite. Several quartz vein networks have been recognized in association with the altered system, the main ones being the Historical "Haines vein" with grades of up to 25.50 g/t Au in the vein and wall rock and the new GSH vein with grades of up to 12.25 g/t Au also in the vein and wall rock. A total of 9 holes for 537 m were drilled principally on the Martin Bay Zone of the SFIC and showed anomalous gold values.

Hole PL-09-13 which targeted the North Porphyry Zone of the JF West zone and intersected a 52 m interval of altered intrusive and sheared material as follows :

- 7.15 – 45.60 m : intensely altered red intrusive (silica, sericite, ankerite, and hematite) hosting 2 to 5% quartz stockwork veins thoroughly mineralized with up to 5% pyrite and 1% chalcopyrite which returned an anomalous values.
- 45.60 – 59.30 m : intense shear zone with up to 5% quartz veins with local concentrations of up to 7% pyrite and trace chalcopyrite returning anomalous values.

Hole PL-09-13 confirms the presence of a major structural feature underlying the northern limb of Pistol Lake and opens up potential mineralization to the north of the JF West Zone, an intense quartz veining and breccia zone varying between 10 to 50 m in width. The JF West Zone has so far been defined over a 900 m strike length by about 30 historical diamond drill holes that outline a very significant gold target with the presence of both higher grade sections and mineralization over broad intervals as demonstrated by the following mineralized intercepts :

- 82-06 : 11.31 g/t Au over 3.05 m from 76.20 to 79.30 m
- 88-02 : 2.50 g/t Au over 16.60 m from 72.00 to 88.60 m
- 88-03 : 1.10 g/t Au over 13.10 m from 94.50 to 107.60 m
- 88-06 : 0.60 g/t Au over 16.30 m from 78.40 to 94.70 m
- 88-10 : 0.50 g/t Au over 13.70 m from 55.80 to 69.50 m
- 90-01 : 2.10 g/t Au over 10.70 m from 98.80 to 109.50 m
- 90-02 : 2.30 g/t Au over 13.80 m from 83.10 to 96.90 m
- 90-06 : 18.80 g/t Au over 0.60 m from 179.70 to 180.30 m

- 94-01 : 14.70 g/t Au over 1.50 m from 123.00 to 124.50 m
- 94-02 : 0.70 g/t Au over 43.50 m from 97.60 to 141.10 m

In Q2 2010, a 43-101 compliant resource calculation was released on the JF West Zone. The work was executed by InnovExplo, a Val d'Or based geological and mining consulting group, to establish a geological model for the mineralization and to confirm the presence of sufficient mineral resources to justify further exploration work by Golden Share.

Based on InnovExplo's recommendation, a cut-off grade of 2.00 g/t Au was used, which results in an Inferred Resource of 851,000 metric tonnes grading 2.62 g/t Au for a total of 71,700 ounces of gold on the JF West zone. When a cut-off of 1.00 g/t Au is used, an Inferred Resource of 2,857,200 metric tonnes grading 1.64 g/t Au containing a total of 150,700 ounces of gold is obtained.

Cut-Off grade g/t Au	Inferred Resource		
	Metric Ton (t)	Grade g/t Au	Ounces Au
1.00	2,857,200	1.64	150,699
2.00	851,000	2.62	71,685
3.00	290,800	3.59	33,587
4.00	89,100	4.65	13,338
5.00	37,400	5.78	6,937

**Notes: Golden Share owns a 100% option for the Pistol Lake property. Mineral Resources are not Mineral Reserves having demonstrated economic viability. Results are presented undiluted and in-situ. The estimate includes 7 gold-bearing zones and covers the Pistol Lake project area over 1,250 meters E-W, 500 meters N-S, and from an elevation of 0 to -150m. The cut-off grade must be re-evaluated in light of current market conditions (gold price, exchange rates and mining cost). InnovExplo is not aware of any environmental, permitting, legal, taxation, socio-political, marketing or other relevant issue that could materially affect the Mineral Resource estimate. Composites were taken on zones within the mineralized envelopes (composite = 1 meter). Calculations are based on metric units / Ounce (troy) = Metric tonne x Grade / 31.10348. The number of tonnes was rounded off to the closest hundred. All differences in totals are due to rounding.*

The geological interpretation of the mineralized zones was entirely redone by Pierre-Luc Richard, P.Geo., and Carl Pelletier, P.Geo. The geological model and current resource estimate demonstrate that the JF West contains at least seven (7) continuous mineralized lenses having a minimum width of 1.5 m and a length between 360 and 1,250 m. The geological continuity of each lens was determined from section to section using gold values, lithologies and alteration facies from 47 diamond drill holes.

The mineralized zones are characterized by intense alteration and the development of quartz veins and breccia zones in the hanging wall (HW1 zone) and in the footwall (FW1 to FW3 zones) of a geological structure consisting in a quartz feldspar porphyry hosted in mafic volcanic units. Three additional mineralized zones are hosted in the quartz feldspar porphyry (P1 to P3 zones).

The current resource estimate is based on a small number of drill holes and as a result, the current Mineral Resource Estimate can only be classified as Inferred Resources. A fixed density of 2.70 g/cm³ was used. High grade capping was done on the raw data and established at 10 g/t Au. The sections were generated using Gemcom software version 6.2.1. Each lens was linked in three dimensions to form 3D solids.

The observations during the resource calculation led InnovExplo to believe that the mineral potential of the property has not yet been fully evaluated by diamond drilling. Given the

spatial distribution of the known mineralized lenses, it is very likely that additional zones could be present, particularly at depth. The Inferred Resources are contained in seven (7) main lenses in close proximity (5 to 25 m), which is a positive factor for future potential mining operations. Additional in-fill and extension drilling will therefore rapidly increase the resource base as well as move some of the resources in the indicated category.

The 2010 Mineral Resource Estimate was performed using all available results by Pierre-Luc Richard, B.Sc., P.Geo., and Carl Pelletier, B.Sc., P.Geo., both independent Qualified Persons as defined in National Instrument 43-101. The work performed on the Pistol Lake property in 2008 and 2009 has been executed under the supervision of Mrs. Laurence Huss, M.Sc., P. Geo., and Golden Share's Vice-President Exploration.

The full 43-101 technical Report is available on www.sedar.com.

In late 2010 Golden Share announced the staking of an additional four claims comprising 49 claim units covering approximately 784 hectares and increasing the size of the property to approximately 3,500 hectares. The new claims are contiguous over 7 kilometres and are considered strategic as they cover the potential down dip and strike extensions of the JF West zone.

Initial compilation and preliminary field investigations suggest that these new claims host features that are common to the known gold mineralization at Pistol Lake including the presence of porphyry units, carbonate altered zones, magnetite altered zones, Au in soil-till-rock and IP anomalies. The area covered by the new claims has received only preliminary exploration and initial observations indicate several areas that demonstrate potential for hosting significant gold mineralization which merit further exploration.

Latest developments

On March 7th 2011, the Company signed an option agreement to earn a 100% interest in the 9 claims, 8.8 km² Conacher Gold Property over two years by meeting the following conditions :

- By paying the Vendor a total of \$48,500; \$8,500 upon signature of the agreement, \$15,000 on the first anniversary date and \$25,000 on the second anniversary date;
- By issuing the vendor a total of 200,000 Golden Share common shares in tranches of 100,000 shares upon signature, 50,000 shares on the first anniversary date and 50,000 shares on the second anniversary.

Following the acquisition of a 100% interest by Golden Share, the vendor will retain a 1% Net Smelter Return on the Property.

The Conacher property is situated approximately 70 km west of Thunder Bay, is accessible by road and located in the Shebandowan greenstone belt. It is contiguous to the west with Golden Share's Pistol Lake property and covers a 5 km strike length of the favourable geological sequence hosting the JF West Zone. On its eastern boundary, the Conacher property is contiguous with Lake Shore Gold Corp.'s Band Ore property hosting the Band Ore deposit.

The most systematic work completed on the Conacher property was performed by Noranda Exploration in the early 1980's and a follow-up drilling program by North Coast Industries was executed towards the end of the decade. The property has been unexplored since that

period. A geological context similar to the Pistol Lake property has been recognized on the Conacher property where the presence of both lower grade and higher grade mineralization have been demonstrated by historic diamond drilling returning 0.93 g/t Au over 12 m and 12.09 g/t Au over 4.03 m. These intercepts were obtained in close association with sheared and altered felsic intrusives.

On March 25th 2011, the Company has signed a letter of intent (the "LOI") to acquire Lake Shore Gold Corp.'s 100% interest in the Band Ore gold property, located in the Shebandowan belt of northwestern Ontario. Under the terms of the LOI, and if the Band Ore transaction (the "Transaction") is successfully completed, Lake Shore Gold would in return obtain a 19.99% interest in Golden Share, which may be increased to as much as 30% under certain conditions, and thereby become the Company's single largest shareholder.

Lake Shore Gold's Band Ore property is immediately adjacent to Golden Share's recently optioned Conacher property and hosts the Band Ore deposit which contains historical resources of 251,271 ounces of gold within two principal zones (706,000 tonnes at a grade of 6.86 g/t Au* in the Main zone and 616,000 tonnes at a grade of 4.83 g/t Au* in the #4 zone).

Following completion of the Transaction, Golden Share will control an 18 km of strike length along the northern part of the Shebandowan belt highlighted by two advanced gold targets :

- **Pistol Lake JF's West zone** : 150,699 oz Au Inferred Resource (2,857,200 MT @ 1.64 g/t Au at 1.00 g/t Au cut off / NI 43-101 compliant).
- **Band Ore deposit** : 251,271 oz Au in historical resources within two principal zones (706,000 tonnes at a grade of 6.86 g/t Au* in the Main zone and 616,000 tonnes at a grade of 4.83 g/t Au* in the #4 zone).

**These estimates were executed prior to the introduction of National Instrument 43-101; hence they should be treated as historical data and therefore not be relied upon.*

Under the terms of the LOI, Lake Shore Gold has agreed to sell its 100% interest in the Band Ore property in exchange for a 19.99% ownership interest in Golden Share. The number of shares to be issued to Lake Shore Gold as a result of the Transaction will be established upon completion of a financing for no less than \$2.5 million from third party investors to be executed by Golden Share following the signing of the LOI. Closing of the Transaction is conditional upon completion of the financing. In addition, Golden Share has agreed to grant Lake Shore Gold warrants to purchase 50% of the number of shares to be issued pursuant to the Transaction.

The LOI also specifies that :

- So long as Lake Shore Gold's ownership interest is above 9.9%, Lake Shore Gold will have the right to participate in Golden Share's future financings in proportion to Lake Shore Gold's pro rata share for a period of five years, so as to maintain the percentage interest in Golden Share. In the event Lake Shore Gold's ownership decreases below 9.9% this right will cease.
- For a period of five years, Lake Shore Gold will have the right to increase its shareholding in Golden Share to up to 30% by purchasing additional shares from Golden Share in a private placement using the 20 day Volume Weighted Average Price of the Golden Share shares at that time.

- Lake Shore Gold will retain a 1% Net Smelter Return Royalty (“NSR”) on all minerals produced from the Band Ore property.
- Lake Shore Gold will have the right to nominate one director to the board of Golden Share as long as Lake Shore Gold’s interest in Golden Share stays at or above 9.9%.
- Golden Share agrees to incur a minimum of \$250,000 in exploration expenditures on the Band Ore property within the next two years.

This transaction is subject to the negotiation and execution of a definitive agreement as well as to the approval of relevant stock exchanges and other regulatory authorities as necessary.

The resulting property arising out of the combination of the Pistol Lake, Conacher and Band Ore properties will be referred to as the “Shebandowan Project”.

ELWOOD PROPERTY

The Elwood property is located 70 km west of the city of Thunder Bay, Ontario, Canada. It consists in 31 mining titles covering 36.8 km².

Acquisition terms

The Elwood property results in the consolidation of two contiguous claim blocks acquired under different terms.

The Elwood “Main” property consists in 21 mining titles covering 22.1 km². The terms of the original option agreement were modified in May 2009 and Golden Share can now acquire a 100% interest over two years by meeting the following conditions:

- By paying the Vendor a total of \$30,000; \$10,000 upon signature, \$10,000 on the first anniversary date and \$10,000 on the second anniversary date;
- By issuing the Vendor a total of 450,000 Golden Share common shares; 150,000 shares upon signature, 150,000 shares on the first anniversary date and 150,000 shares on the second anniversary.

In addition, Golden Share has granted the Vendor a 2% NSR on its Elwood West property. Moreover, an additional 300,000 shares can be issued to the Vendor at any time in the event that measured and indicated resources representing a metal content of 500,000 ounces of gold or more can be defined on the Elwood or Elwood West Property; a first tranche of 150,000 shares would be issued when a first threshold of 250,000 ounces of gold is achieved.

The Elwood “West” property comprises 10 mining titles for a total surface area of 14.7 km² and is directly adjoining the Elwood “Main” Property on its western boundary. It was acquired by acquired by direct staking in 2008.

Geological setting

The Elwood property is located south of Golden Share's Shebandowan Project currently under consolidation through a transaction with Lake Shore Gold Corp. Elwood is located south of the synvolcanic Shebandowan Felsic Intrusive Complex and shows several important, undeveloped gold showings associated with granodiorite dykes and/or sills hosted in a typical volcanic sequence. It also covers the western extension of the Peewatai granodiorite which is host to the mineralized Penziwol area. A large structure termed the Tinto Lake Fault Zone, a north-easterly trending structure interpreted to be a splay off of the regional-scale Crayfish Creek Fault, transects the western corner of the Elwood Property.

Golden Share exploration history

A thorough initial 2008 exploration program comprising systematic compilation, ground geophysics, prospecting, geological mapping, channel sampling and a first diamond drilling program was executed by Golden Share and highlighted the U Zone as an important target. The U Zone had never been drilled before Golden Share's program and a 485 m, first pass, 6 diamond drill hole program, yielded the following highlights :

- EL-08-01: 2.38 g/t Au over 8.30 m from 17.00 m to 25.30 m
 - *including 14.97 g/t Au over 1 m from 18.00 to 19.00 m*
- EL-08-02: 0.60 g/t Au over 7.45 m from 35.90 m to 43.35 m
 - *including 1.56 g/t Au over 1 m from 35.90 to 36.90 m*

Latest developments

In December 2010, Golden Share contracted Insight Geophysics Inc. of Oakville, Ontario, to follow-up on the initial drilling. Insight Geophysics Inc. executed an Insight Section Array / Tuned Gradient Array induced polarisation and resistivity survey over 5 line km to cover the U Zone and its immediate extensions. The survey demonstrated a very good correlation between zones of intense auriferous quartz veining and higher resistivity measurements. The IP survey confirmed the vertical extension of the mineralized system at depth and outlined drill targets associated with resistivity highs characteristic of quartz veining with associated chargeability anomalies.

While Golden Share's anticipated next work program in the Shebandowan area will primarily focus on resource expansion, promising early-stage targets such as Elwood's U zone will be the object of systematic follow-up diamond drilling.

ONTARIO – RED LAKE AREA

BERENS RIVER PROPERTY

The Berens River property is located 200 km north of the city of Red Lake, Ontario, Canada in the Favourable Lake Greenstone Belt of Northwestern Ontario. Winter road access is possible from Red Lake, Ontario. The property can also be reached by float and ski plane services operating out of Red Lake. It consists in one 15-unit mining claim covering 2.4 km².

Acquisition terms

In October 2010, Golden Share acquired Berens River through a one to one share exchange with Nanoose Gold Limited, a private Canadian Company, resulting in Golden Share issuing

5,000,000 common shares. Additionally, Golden Share has taken over the commitments to the Property Optionors and will pay a total of \$480,000 cash and issue a total of 1,000,000 Shares over a five year period. A 2% NSR is also payable to the Optionors.

Geological setting

The geology of the area consists of a sequence of folded Archean metavolcanic and metasedimentary rocks which have been intruded by gabbro and granitoid masses. Gold and silver mineralization is associated with strongly silicified hydrothermally altered zones which have been developed in steeply dipping, fracture-shear-fault systems. Many of these vein systems have been identified on the property. However, past exploration efforts have been concentrated only on two of them; the No. 1 Vein system, the site of the former Berens River Mine and the nearby No. 3 Vein system. Considerable exploration potential remains for gold and silver mineralization in similar quartz vein shear zone hosted structures located throughout the property.

Berens River hosts the past producing Berens River Mine which was operated by a subsidiary of Newmont Mining from 1939 to 1948 and produced 158,000 ounces of gold and 5.8 million ounces of silver as well as 1.7 million pounds of zinc and 6.1 million pounds of lead.

The historical production originates from the No.1 Vein, one of the ten veins recognized on the Property and the only one having undergone mining. The No.1 Vein was mined by shaft No.1 which was sunk to a depth of 990m although no production has been recorded below the 518m level. A second shaft was sunk to a depth of 232m on the No.3 Vein but has not yet entered into production.

Several historical, non NI 43-101 compliant resource estimates, have been completed on the No. 3 Vein and the most recent and conservative estimate executed in 1989 by Watts, Griffis, McQuat Ltd. outlined a mineral inventory of 43,000 ounces of gold and 981,000 ounces of silver above the 300m level (174,000 tonnes at a grade of 7.72 g/t Au and 175.22 g/t Ag). No resource calculation has ever been executed on the other Berens River veins.

Golden Share exploration history

In the fall of 2010 a surface program executed by Golden Share consisted in geological mapping and prospecting with the objective to sample all accessible veins to validate the historical surface data as well as confirm the blue-sky potential of the property. A team of three geologists was on site to maximize surface work and a total of 61 surface rock samples weighting 1 to 3 kg were collected with geological hammers. Highlights of this program include :

- Vein N°1 returned grades of up to 7.53 g/t Au (0.24 oz/t Au) in a quartz-sulphide assemblage containing up to 5-10% chalcopyrite, 1-3% pyrite and 55-60% sphalerite and galena. Silver and base metal grades of up to 1,130 g/t Ag (36.3 oz/t Ag), 15% Zn and 3.8% Pb were also obtained.
- Vein N°3 returned grades of up to 31.88 g/t Au (1.02 oz/t Au) in a quartz-sulphide assemblage containing up to 2-5% chalcopyrite, 2-5 % pyrite and 20% sphalerite. Silver and base metal grades of up to 547 g/t Ag (17.6 oz/t Ag), 15.1 % Zn and 7.4% Pb were also obtained.

- Vein N°19 yielded the highest grades with up to 37.71 g/t Au (1.21 oz/t Au), shows a similar composition to veins N°1 and N°3 and is part of a volcanic hosted quartz stockwork. Silver grades of up to 1,630 g/t Ag (52.4 oz/t Ag) were also obtained.

Immediately following the fall surface program, a mandate was given to InnovExplo, a Val d'Or based geological and mining consulting group, for the realization of a thorough compilation of all previous drilling and underground data on the property. This part of the program will notably include the digitalization of all historical drill holes and underground workings from the No.1 and No.3 veins. Golden Share was able to obtain historical underground mining documents that will prove invaluable for the geological modelling.

Latest developments

Based on Golden Share's fall field survey and the results of InnovExplo's compilation, a first pass drill program will be established.

QUEBEC – VAL D'OR-MALARTIC AREA

MALARTIC LAKESHORE PROPERTY

The Malartic Lakeshore property is located 20 km west of the town of Val d'Or, Quebec, Canada. It consists in 26 claims for a total property surface area of 10 km².

Acquisition terms

In October 2009, Golden Share executed the final property payments and all work commitments have now been realized. The Malartic Lakeshore property is therefore now under 100% ownership by Golden Share.

Geological setting

The property is located on the Norbenite-Marbanite shear zone host of the Kiena Mine currently operated by Wesdome and of the past producing Norlartic and Marban mines located 6 km to the east. The property is also strategically located between Agnico Eagle's new Lapa mine, located 5 km to the west, and Osisko's Canadian Malartic project located 6 km due south. To the east of Malartic Lakeshore, NioGold Mining Corporation is developing its Marban block in partnership with Aurizon Mines Ltd. Historical production from the Norlartic, Kierens and Marban past producing mines amounted to 600,000 ounces of gold and the partnership intersected 9.06 g/t Au over 7.3 m in early 2011 drilling.

Golden Share exploration history

A thorough 2008 exploration program comprising systematic compilation, mechanical stripping and a first diamond drilling program highlighted the RLM prospect as a 320 m long structure up to 50 m wide consisting in a network of over 25 individual gold bearing veins up to 1.10 m in width. This RLM target sits right on the Norbenite-Marbanite shear and is the first one developed systematically by Golden Share. The mechanical stripping yielded channel samples up to 90.88 g/t Au over 1.32 m (including 178.00 g/t Au over 0.67 m) and the first drilling campaign yielded the following highlights :

- ML-08-23 : 15.27 g/t Au over 1.20 m from 76.40 to 77.60 m
 - *included in 2.59 g/t Au over 8.40 m from 75.60 to 84.00 m*

- ML-08-28 : 123.50 g/t Au over 0.50 m from 24.30 to 24.80 m
 - *included in 39.84 g/t Au over 1.60 m from 24.30 to 25.90 m*

A second drill program was executed in the spring of 2009 and consisted in eighteen holes totalling 1,396 m. Nine new holes were drilled and nine of the drill holes executed by Golden Share in 2008 were lengthened to investigate the mineralized system at greater depths.

The auriferous Zone 66, recognized over a width 27 m, was intersected in ML-08-11 at a vertical depth of 185 m to the north-east of the RLM prospect. It consists in sheared basalt hosting 5 to 15% quartz-calcite veinlets mineralized with 1 to 2% pyrite. In hole ML-08-11 Zone 66 is especially well mineralized with sulphides over an interval of 6.95 m, from 269.15 m to 276.10 m, comprising five quartz veins ranging in width from 0.45 to 1.30 m each and containing 8% pyrite, 4% chalcopyrite and up to 1% galena. Zone 66 is anomalous in gold with grades of up to 1.19 g/t Au over 0.55 m from 255.35 to 255.90 m. Four additional anomalous intervals of 0.31, 0.33, 0.53 and 0.56 g/t Au over up to 2.60 m were also obtained.

Following this second drill program, and in order to refine drill targets, Golden Share contracted Insight Geophysics Inc. of Oakville, Ontario, to execute an Insight Section Array / Tuned Gradient Array induced polarisation and resistivity survey over 7.2 line km to cover the RLM prospect and its immediate extensions. Deeper drill targets associated with resistivity highs characteristic of quartz veining were outlined with a positive chargeability signature.

A third drill program was executed in the fall of 2009 for a total core length of 888 m and consisted in two deep holes drilled to transect the entire RLM shear zone and reach depths where resistivity and chargeability anomalies are best developed.

The highlight of the program was hole ML-09-41, drilled on section 1230E to a depth of 471 m, that intersected Zone 66 over a down hole length of 18 m at a 400 m vertical depth similar. The mineralization comprises 75 % quartz veins up to 1.45 m in width containing up to 7% pyrite, chalcopyrite and galena with strongly anomalous gold values. A 0.70 m quartz vein assayed 2.88 g/t Au over 0.80 m in the hanging wall of Zone 66 at a down hole depth of 396 m.

The results of the fall 2009 drill program clearly demonstrate the intensification and widening of the mineralization at depth and validate the results of the IP survey. Moreover, the mineralization is in all points similar to what was observed in our shallow drilling on the RLM prospect where Golden Share reported grades of up to 123.50 g/t Au.

Latest developments

The planned diamond drilling program on the Malartic Lakeshore property is due to start in late April 2011 and will investigate several targets in the immediate extension of the RLM showing located on the Norbanite-Marbanite shear zone. The drilling will focus on :

- An IP anomaly associated with a mafic-intermediate volcanic contact identified during the latest detailed IP survey and which has not been investigated yet.
- The depth extension of Zone 66 previously intersected to a vertical depth of 400 m.

- The testing of several hypotheses as reported by SRK Consulting Canada in their recent structural study executed at the end of 2010.

FORSAN PROPERTY

The Forsan property is located 45 km east of the town of Val d'Or, Quebec, Canada. It consists in 50 claims for a total property surface area of 8 km².

Acquisition terms

Following discussions with the owner, the original option agreement has been modified on September 26, 2009. In the original option agreement, Golden Share had to pay a sum of \$50,000 on the second anniversary of the agreement. In the amended option agreement, Golden Share has now instead paid a sum of \$12,500 and issued 312,500 common shares of Golden Share to the owner.

Following these payments and the issuance of 400,000 additional common shares, a condition from the original option agreement, Golden Share has now fulfilled all the conditions of the option and therefore owns 100 % of the Forsan property.

Geological setting

The rocks of the Forsan property consist in a thick volcanic sequence comprising mostly mafic agglomerates and mafic tufs. The units show an east-west strike and a northerly dip. A sub parallel porphyric intrusive with a north-eastern dip, hosting some minor, sub-concordant, granodiorite injections, transects the volcanic sequence. A 50 m wide, northeast trending, diabase dyke cuts the property in an oblique direction. The Pershing batholith contact cuts the north-eastern border of the property. Favourable structures (quartz veins, shear zones, faults) as well as competent host rocks (quartz feldspar porphyry) are present on the property.

The property is situated at the south-eastern extremity of the Abitibi greenstone belt in the Val d'Or geological formation. The Forsan property is located 6 km north-east of X-Ore's Chimo past producing mine and 10 km south-west of the X-Ore Croinor project. The property sits on the end of the prolific Cadillac break, in east-west second and third order structures, and at the intersection with strongly developed north-east lineaments in a setting similar to that of the Val d'Or area.

Golden Share exploration history

A thorough 2008 exploration program comprising systematic compilation, mechanical stripping and a first diamond drilling program outlined two new mineralized area, the Forsan Southwest Zone ("FSZ") and the Forsan East Zone ("FEZ") located respectively south-west and east of the Main mineralized zone ("FMZ").

A second drill program was executed in the spring of 2009 and consisted mainly in nine short vertical holes totalling 454 m and targeting the FEZ. An intersection of 56.86 g/t Au over 4.00 m from 42.00 to 46.00 m (including 226.00 g/t over 1.00 m) was obtained in hole GSH-09-18.

At the level of hole GSH-09-18, the FEZ is described as a 4 meter wide zone hosting 12% quartz-pyrite-tourmaline veins with individual veins up to 0.20 m thick. The zone is located at the contact between a tuffaceous unit and a felsic porphyry dyke and contains 2 to 5 % pyrite

with trace chalcopyrite. Fine grained visible gold was observed in association with the higher grade section of the interval.

Two additional holes of the 2009 FEZ program returned results above 1.00 g/t Au :

- GSH-09-19 : 1.95 g/t Au over 1.00 m from 44.00 to 45.00 m
- GSH-09-24 : 4.99 g/t Au over 0.60 m from 39.10 to 39.70 m
and 2.57 g/t Au over 1.46 m from 69.00 to 70.46 m

In the fall 2009 a 43-101 compliant resource calculation was released on the FMZ. The work was executed by InnovExplo, a Val d'Or based geological and mining consulting group, to establish a geological model for the mineralization and to confirm the presence of sufficient mineral resources to justify further exploration work by Golden Share.

Based on InnovExplo's recommendation, a cut-off grade of 2.50 g/t Au was used, which results in an Inferred Resource of 132,000 metric tonnes grading 3.52 g/t Au for a total of 15,000 ounces of gold on the FMZ. When a cut-off of 1.00 g/t Au is used, an Inferred Resource of 536,500 metric tonnes grading 2.03 g/t Au containing a total of 35,000 ounces of gold is obtained thereby validating the historical data for the FMZ.

Cut-Off grade g/t Au	Inferred Resource		
	Metric Ton (t)	Grade g/t Au	Ounces Au
1.0	536,500	2.03	34,981
1.5	322,600	2.57	26,650
2.0	203,100	3.07	20,026
2.5	132,000	3.52	14,936
3.0	85,000	3.95	10,810

**Notes: Golden Share owns 100% of the Forsan property. Mineral Resources are not Mineral Reserves having demonstrated economic viability. Results are presented undiluted and in-situ. The estimate includes 4 gold-bearing zones and covers the Forsan project area over 450 meters NW-SE, 200 meters NE-SW, and from an elevation of 0 to -225m. The cut-off grade must be re-evaluated in light of current market conditions (gold price, exchange rates and mining cost). InnovExplo is not aware of any environmental, permitting, legal, taxation, socio-political, marketing or other relevant issue that could materially affect the Mineral Resource estimate.*

The geological interpretation of the mineralized zones was entirely redone by Bruno Turcotte, P.Geol., and Donald Gervais, P.Geol., using a set of sections looking towards an azimuth of N335°.

The geological model and current resource estimate demonstrate that the FMZ contains at least four (4) continuous mineralized lenses having a minimum width of 2.2 m corresponding to the necessary minimum for an open-pit operation or underground bulk mining. In order to confirm the historical data, two verification drill holes were executed by Golden Share during the spring 2009 drill campaign; they also provided material for density measurements. InnovExplo considers this estimate to be reliable, rigorous, based on quality data and in conformity to CIM standards and guidelines for reporting mineral resources and reserves.

One of the most important findings of the resource estimate on Forsan is the definition of geological continuity at N115°. This observation further reinforces the significance of the FEZ located 600 m south-east of the FMZ where an intersection of 56.86 g/t Au over 4.00 m was obtained.

The 2009 Mineral Resource Estimate was performed by Bruno Turcotte, M.Sc., P.Geo., and Donald Gervais, B.Sc., P. Geo., under the supervision of Carl Pelletier, B.Sc., P.Geo., using all available results. The work performed on the Forsan property has been executed under the supervision of Mrs. Laurence Huss, M.Sc., P. Geo., and Golden Share's Vice-President Exploration.

The full 43-101 technical Report is available on www.sedar.com.

A short 546 m follow-up diamond drilling program was executed in Q3 2010 and consisted in four holes, two holes on the Forsan Main Zone ("FMZ") for total of 330 m and two holes on the Forsan East Zone ("FEZ") for a total of 216 m.

Hole GSH-10-29 drilled to investigate the FEZ at greater depths, identified a new mineralized zone hosting 15% quartz-pyrite-tourmaline veins with individual veins up to 0.25 m thick and containing traces of pyrite and chalcopyrite. This new zone returned 3.38 g/t Au over 3.70 m from 118.00 à 121.70 m and includes 6.62 g/t Au over 1.00 m. Additional points of interest comprise :

- This new zone is located immediately below the 2009 discovery of hole GSH-09-18 which had intersected 56.86 g/t Au over 4.00 m from 42.00 to 46.00 m including 226.00 g/t over 1.00 m.
- This new zone shows similar mineralization to the 2009 high grade FEZ discovery with an array of pyrite and chalcopyrite bearing quartz-tourmaline veins.
- The new zone is part of a broader mineralized interval reporting 0.62 g/t Au over 25,70 m and showing sustained gold impregnation including a significant number of intersections above 0.50 g/t Au.

This latest finding is particularly significant in the light of the recently recognized viability of lower grade models in a high price gold environment and comes as an added bonus to the high grade mineralization already observed on the FEZ.

Latest developments

Golden Share contracted Insight Geophysics Inc. of Oakville, Ontario, to execute an Insight Section Array / Tuned Gradient Array induced polarisation and a resistivity survey over the FEZ in order to refine drill targets which now comprise both high grade gold mineralization and broad, lower grade envelopes of gold impregnation.

QUEBEC – INVENTORY PROPERTIES

VENT D'OR PROPERTY

The Vent d'Or property is located in the southern part of the Chibougamau-Matagami greenstone belt 40 km south of the city of Chibougamau, Quebec, Canada. It consists in 29 claims for a total property surface area of 16.2 km².

Acquisition terms

Golden Share can acquire a 100% interest in the Vent d'Or Property over two years by issuing the Vendor a total of 500,000 Golden Share common shares (300,000 shares upon signature, and 200,000 shares on the first anniversary date) and by incurring a total of \$200,000 in exploration expenditures (\$100,000 in the first year and \$100,000 in the second year).

Additionally 400,000 shares can be issued at any time in the event that measured and indicated resources representing a metal content of 500,000 ounces of gold or more can be defined; a first tranche of 200,000 shares would be issued when a first threshold of 250,000 ounces of gold is achieved.

The Vendor will retain a 2% NSR that Golden Share can buy back for \$1,000,000 per 1% NSR bracket, or for a total of \$2,000,000 for the 2% NSR.

Geological setting

The property straddles the Opawica-Guercheville east-west structure host of the Joe Mann gold mine which operated between 1955 and 2005 and produced 1.2 million ounces of gold (4,607,522 tonnes at 8.32 g/t Au). Eagle Hill Exploration Corp. reported a drill intersection of 14.2 g/t Au over 52 m on their Windfall property located in a similar geological context 70 km southwest of Golden Share's Vent d'Or property. Eagle Hill Windfall's property is located at the intersection of east-west and north-east structures (Urban deformation zone and Urban Barry shear zone) while Golden Share's Vent d'Or property is located at the junction of the Opawica-Guercheville structure and the Fancamp fault zone in a similar structural setting.

One of the main structural features recognized on the Vent d'Or property is a 10 m wide shear zone on which Golden Share collected surface grab samples reporting up to 10.10 g/t Au. This shear zone is on strike with the Opawica-Guercheville structure which is host of the Joe Mann mine.

Golden Share exploration history

A ground magnetic survey was executed in March 2010 and highlighted the Vent d'Or shear zone as an east-west trending positive magnetic anomaly. During the recent spring 2010 geological mapping and prospecting campaign an important shearing system associated with the magnetic anomaly and the presence of north-east trending secondary systems was identified. A ground VLF survey was executed in the area of historical drilling and a total of 136 km of field traverses were executed.

At the end of June 2010, a geochemical program of glacial till sampling aimed at identifying gold structures was executed. A follow-up field visit was executed during Q3 2010 to verify some specific outcrop occurrences.

Latest developments

Following the recent developments and the increased focus on the Shenbandowan Project, the option on the Vent d'Or property was terminated and the property returned to the Vendor.

LUTETIUM PROPERTY

The Lutetium property is located in the Maniwaki area, approximately 100 km north of Ottawa, Ontario, Canada. It consists in 23 claims for a total surface area of 13.7 km² and is directly accessible by road.

Acquisition terms

The Lutetium property was acquired by direct map staking.

Geological setting

REE mineralization is reported over an area of 1,000 m by 300 m with grades of up to 1.32% Total Rare Earth Elements ("TREE") obtained from historical surface sampling with individual assays showing the presence of several important heavy rare metals ("HREE"). Lutetium, reportedly the highest price REE, is reported with grades of up to 87.6 ppm (g/t). Lutetium is used in some nuclear applications, in experimental nuclear medicine and also as a catalyst for cracking hydrocarbon chains in petroleum refineries. Samarium, which is increasingly used for high power magnets, is reported with grades up to 618 ppm (g/t). Reported assays for other HREE include Terbium (Tb - 70 ppm (g/t)) and Ytterbium (Yb - 531 ppm (g/t)) while reported LREE include Cerium (Ce - 7 550 ppm (g/t)) and Lanthanum (La - 4 330 ppm (g/t)).

Golden Share exploration history

In November 2010, Golden Share announced the first surface campaign which consisted in geological mapping and outcrop radiometric measurements targeting the REE anomaly. A total of 112 km of field traverses were executed and 53 surface rock samples were collected on outcrops reporting anomalous radiometric measurements.

A total of 7 samples reported grades above 0.50% TREE with 3 of these samples reporting grades above 1% TREE and peaking at 2.53% TREE. While the sample reporting 2.53 % TREE confirmed the historical REE mineralization, the other two samples reporting grades above 1% TREE were sampled in new areas, respectively 1 km to the east and 1,5 km to the south-east of this historical area along the contact between metasediments and migmatites. A value of 505 ppm Samarium (Sa - HREE) and of 12,200 ppm Cerium (Ce - LREE) was obtained from the sample reporting 2.53 % TREE.

Latest developments

There is no recent development to report on the Lutetium property.

LAC FORTUNE WEST AND BELLETERRE PROPERTIES

Acquisition terms

In December 2007, the Company entered into an agreement with the company SearchGold Resources Inc. (« SearchGold ») under which it acquired the Fortune Lake West and the Belleterre properties in exchange of 8,479,993 common shares evaluated at \$0.30 per share.

These two auriferous properties, located in Northern Quebec, were the object of diamond drilling campaigns in 2004 and 2005 and approximately 5 000 meters were drilled on high potential sectors of the properties.

BELLETERRE PROPERTY

The property is located approximately 2.5 km to the west of the town of Belleterre in the Témiscamingue area of Northwestern Quebec, Canada. It is easily accessible by national road 382 which crosses the property. The consolidation of Niogold's Blondeau-Guillet property with the Chevrier Lake property creates a substantial 163 claim package (the « Belleterre » project) allowing the implementation of a regional exploration approach to the area.

Original acquisition terms

The Belleterre property results in the consolidation of two contiguous claim blocks acquired under different terms.

The Blondeau-Guillet property consists in 155 claims. In June 2006, SearchGold entered into an option agreement with Niogold Mining Corporation to acquire a 70% interest in the Property in order to consolidate a position in an area which bears an undeveloped potential. This option was transferred to Golden Share in connection with the agreement with SearchGold. As of today, Golden Share holds a 50% in the Blondeau-Guillet property and intends to remain at this level.

The Lac Chevrier property consists in 8 claims. This property was transferred to Golden Share in connection with the agreement with SearchGold. As of today, Golden Share holds a 100% interest in the Lac Chevrier property.

Geological context and previous work

The known auriferous veins of the north-east sector of the Belleterre project are part of a high grade mineralization system associated with a granite-volcanic contact which is characterized by pyrite-chalcopyrite-galena-sphalerite-gold bearing quartz veins. The past-producing Belleterre mine is located 5 km east of the property boundary. Previous work by SearchGold included a drill program totaling of 13 short holes drilled to test the continuity and grade of the known auriferous veins of the north-east sector over a strike length of 250 m and at a maximum vertical depth of 65 m. The program returned encouraging gold grades at depth with intersections of 18.21 g/t Au over 0.33 m and 16.81 g/t Au over 0.40 m. A follow-up drill program failed to provide wider intercepts but outlined strike extensions for the mineralization. Many sectors of the property remain to be investigated.

Latest developments

There is no recent development to report on the Belleterre project.

LAC FORTUNE WEST PROPERTY

The property is located approximately 25 km west of the town of Rouyn-Noranda in the Abitibi area of Northwestern Quebec, Canada. It is easily accessible by national road 117 which passes just south of the property.

Original acquisition terms

The Lac Fortune West property consists in 17 claims. This property was transferred to Golden Share in connection with the agreement with SearchGold. As of today, Golden Share holds a 100% interest in the Lac Fortune West property.

Geological context and previous work

The Lac Fortune West Project straddles the Cadillac fault, a world renowned auriferous structure. Previous work by SearchGold has highlighted the South King zone area with very high grade mineralized intercepts such as 855.58 g/t Au over 0.35 m and 60.43 g/t Au over 0.27 m in drill hole FOR-05-07 as well as grades on important widths such as 1.83 g/t Au over 10.94 m from 72.50 to 83.44 m in drill hole FOR-05-20. Moreover, grades of up to 16.81 g/t Au were obtained in the eastern extension of the South King zone providing a strike extension of 780 m.

An in-house study shows strong geological similarities between the South King zone and the ore body of the Francoeur mine located less than 2 km north-east of Golden Share's property. Richmond Mines recently announced the reopening of the Francoeur mine which is directly adjacent to the Lac Fortune West property. Francoeur contains probable reserves of 615,664 tons at 6.91 g/ton of gold.

Golden Share announced in Q3 2010 the signature of an option agreement with Vanstar Mining Resources Inc. through which Vanstar can acquire a 70% interest in the Lac Fortune West Gold Property over three years by meeting the following conditions :

- By paying Golden Share a total of \$45,000; \$30,000 on the first anniversary date and \$15,000 on the second anniversary date;
- By issuing Golden Share a total of 700,000 Vanstar shares; 200,000 shares upon signature, 200,000 shares on the first anniversary date and 300,000 shares on the second anniversary date;
- By incurring a total of \$1,000,000 in exploration expenditures; \$300,000 the first year, \$300,000 in the second and \$400,000 in the third year.

Following the acquisition of a 70% interest by Vanstar, a joint venture (JV) will be formed between Vanstar and Golden Share to further develop the property. A 1.5% NSR is payable to previous owners.

Latest developments

There is no recent development to report on the Lac Fortune West property.

All of Golden Share's exploration programs are executed under the supervision of Mrs. Laurence Huss, M.Sc., P. Geo., and Golden Share's Vice-President Exploration. Laurence Huss is a Qualified Person as defined in National Instrument 43-101. Philippe Giaro, P.Geo., President and CEO of Golden Share Mining Corporation, also acts as Qualified Person for Golden Share.

FINANCIAL INFORMATION

RESULTS:

The net loss for the financial year ending December 31, 2010 amounts to \$795,896 (\$0.02 per share) compared to \$1,662,357 (\$0.05 per share) for the year ended December 31, 2009. The net decrease of \$866,461 is due to the following important variations:

Salaries & employee benefits:

Salaries & employee benefits represents the stock-based compensation granted to officers. The stock-based compensation is established based on the vesting period on which the options are acquired and on the number of option issued. The stock-based compensation of \$76,932 for the year ended December 31, 2010 is in relation with the 600,000 options issued to directors. These options were vested upon grant. The stock-based compensation of \$170,354 for the year ended December 31, 2009 is in relation with the 2,850,000 options issued in April 2008 for which there is no future stock-based compensation to be recognized in relation with these options. These options were vested over a period of 18 months.

Consultants:

The increase of \$103,294 is due to the stock-based compensation recognized in relation with the 2,000,000 stock options granted in 2010 compared to 750,000 stock options granted in 2009.

Management fees:

The decrease of \$21,250 is mainly due to our Vice-president & corporate secretary departure in June 2010.

Professional services:

The increase of \$41,398 is mainly due to the fees incurred in relation with the acquisition of the subsidiary Nanoose Gold Limited.

Investors related fees:

The increase of \$131,218 in publicity fees is due to fees incurred to increase the Company's visibility. These expenses contributed to the completion of financings in September and October 2010.

Registration and listing fees:

These expenses represent SEDAR filing fees and TSX Venture fees for regulatory approvals. They also include fees for regulatory mailings to shareholders.

The increase of \$28,830 is due to the completion of the financings and to the acquisition of Nanoose Gold Limited shares.

Write-off of mining properties

During 2010, the Company wrote-off its Vent D'Or property for an amount of \$27,520 since it decided to not pursue the development of this property.

Write-off of deferred exploration expenses

During 2010, the Company wrote-off deferred exploration expenses of \$120,233 on its Vent D'Or property since it decided to not pursue the development of this property.

To comply with the accounting guideline AcG-11, the company has written-down, in 2009, its deferred exploration expenses of its Chevrier Lake and Blondeau-Guillet properties.

Impairment on mining properties

To comply with the CICA's EIC Abstract 174 ("EIC-174"), the company has taken impairment, in 2009, on its Fortune Lake, Chevrier Lake and Blondeau-Guillet properties. No impairment on mining properties was necessary in 2010.

CASH FLOW AND FUTUR PERSPECTIVE

As of December 31, 2010, the Company had a cash position of \$975,755 from which \$526,260 was reserved for exploration expenses.

As of today, the Company has to incur an amount of \$386,569 in exploration expenses by December 31, 2011 to fulfil its flow-through commitments. These expenses are covered by the cash reserved for exploration expenses.

Also, the Company will have to pay a total of \$120,000 in cash and issue 425,000 common shares of the Company by December 31, 2011 to fulfil its commitments related to its property agreements.

The Company had a working capital of \$259,214 to cover administrative costs. During the months of January until April 2011, a total number of 1,384,999 warrants and 400,000 stock options were exercised for a total cash position of \$345,640.

Subsequently to year-end, the Company has completed two financings for a total amount of 3.6 M \$.

OUTSTANDING SHARE DATA

As of December 31, 2010 the company had 65,732,415 shares issued and outstanding with a paid in value of \$10,657,942 as well as 4,225,000 stock options and 21,090,887 warrants.

The authorized share capital of the Company consists of an unlimited number of shares and of which 85,973,533 were outstanding as of the date hereof.

RELATED PARTY TRANSACTIONS

For the year ended December 31, 2010, the Company carried out the following related party transactions:

- Management fees for a total amount of \$22,500 were billed by a Company controlled by the Vice-president.
- Deferred exploration expenses for a total amount of \$128,946 were billed by a Company controlled by the President
- Professional services for a total amount of \$52,500 were billed by the CFO. In addition, an amount of \$3,465 was received for the rental of administrative offices.
- Investor related fees for a total amount of \$23,500 were billed by an officer for strategic development services.

These transactions were carried out in the normal course of business and measured at the exchange amount, i.e. the amount established and agreed upon by the parties.

CHOSEN ANNUAL INFORMATION (IN THOUSAND OF \$)

	December 31, 2010	December 31, 2009	December 31, 2008
Net loss	796	1,662	1,597
Basic and diluted net loss per share	0.02	0.05	0.07
Total assets	6,975	4,290	5,720
Long term debt	N/A	N/A	N/A
Dividend per share	N/A	N/A	N/A

QUARTERLY RESULTS TREND (IN THOUSAND OF \$)

	2010				2009			
	Dec	Sept	June	March	Dec	Sept	June	March
Revenues	-	-	-	-	-	-	-	-
Net loss (net earnings)	386	188	145	77	1,488	176	125	(127)
Basic and diluted net loss (net earnings) per share	0.008	0.005	0.003	0.002	0.004	0.005	0.004	(0.004)

RECENT ACCOUNTING CHANGES

The Company adopted the following new recommendations of the Canadian Institute of Chartered Accountants' (CICA) Handbook:

Business combinations:

In January 2009, the CICA published Section 1582, "Business Combinations", which replaces Section 1581 of the same title. On the same date, the CICA also published new Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests". These two new sections replace Section 1600, "Consolidated Financial Statements".

The objective of Section 1582 is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. Section 1601 establishes standards for the preparation of consolidated financial statements following a business combination that involves a purchase of an equity interest by one company in another. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

Section 1582 must be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, and Sections 1601 and 1602 are effective for fiscal years beginning on or after January 1, 2011. These sections may be early adopted. The Company has elected to early adopt Sections 1582, 1601 and 1602 as at January 1, 2010. These sections were applied for business combinations that occurred on or after January 1, 2010 except for Section 1602 "Non-Controlling Interests" which were applied retrospectively. Accordingly, the subsidiary acquisition described in Note 5, has been recognized in accordance with the requirements of Section 1582. Adoption of this new section has led to a \$38,176 increase in the net loss and professional services recognized in earnings and didn't have a significant impact on basic and diluted net loss per share.

Other new standards have been published, but they should not have a significant impact on the Company's financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In February 2008, the Accounting Standards Board of Canada announced that Canadian GAAP for publicly accountable entities will be replaced by IFRS, which will go into effect during the 2011 calendar year. IFRS use a conceptual framework similar to that of Canadian GAAP, but include major differences with respect to recognition, measurement, presentation and disclosure.

For the Company, conversion to IFRS will be required for financial statements for periods beginning on or after January 1, 2011. Comparative data will have to be restated so as to comply with IFRS. As a result, the Company has developed a plan to convert its financial statements to IFRS bearing on the main items that will be affected, including financial reporting, systems and processes, internal controls and communications and training. This plan is divided into four phases: Phase 1 – Preliminary Diagnosis, Planning and Definition of the Scope, Phase 2 – Detailed Evaluation, Phase 3 – Definition of the Solution and Phase 4 – Implementation.

Key elements of transition plan towards IFRS

Phase 1 Diagnostic	Phase 2 Evaluation	Phase 3 Solution	Phase 4 Implementation
1.1 Plan and begin project	2.1 Mobilize necessary resources	3.1 Modify or draft corporate accounting policies	4.1 Prepare the opening balance sheet and the transition note – final version
1.2 Establish sources of information	2.2 Train internal resources who will perform detailed analyses	3.2 Prepare blank preliminary version of FS in accordance with IFRS	4.2 Create and use parallel databases or information sources
1.3 Determine relevant IFRS (scope)	2.3 Create a questionnaire on FS presentation in accordance with IFRS (checklist)	3.3 Prepare transition note required by IFRS 1 – preliminary version	4.3 Activate information gathering documents, worksheets and procedures based on new policies
1.4 Determine possible exemptions from IFRS 1, <i>First-time Adoption of IFRS</i> , at the date of transition	2.4 Conduct in-depth analysis of one IFRS (as a pilot)	3.4 Design, program, document and test changes to computer information systems	4.4 Train users
1.5 Establish, on a preliminary basis, possible major differences between IFRS and Canadian generally accepted accounting principles (GAAP)	2.5 Conduct in-depth analysis of other major IFRS, determine impacts of their application on entity and draft summary documents	3.5 Modify or prepare procedures, documents, worksheets and information gathering forms	4.5 Activate systems changes
1.6 Compare the entity's financial statement (FS) with FS from European entities	2.6 Update analysis of impacts on business activities	3.6 Modify internal financial reporting controls	4.6 Prepare FS in accordance with IFRS for comparative year and for each comparative quarter
1.7 Establish important decisions to be made and potential impacts	2.7 Prepare (or update) list of important decisions to be made and potential recommendations	3.7 Initiate action to be taken regarding business consequences	4.7 Present and communicate impacts of transition in Management's Discussion & Analysis
	2.8 Determine impacts on systems	3.8 Plan conversion to IFRS and terms of transition	4.8 Prepare FS for first quarter published in accordance with IFRS
1.8 Assess skills available and training needs		3.9 Communicate new systems, policies and procedures	4.9 Prepare first annual FS published in accordance with IFRS

Phase 1 Diagnostic	Phase 2 Evaluation	Phase 3 Solution	Phase 4 Implementation
1.9 Prepare or adjust project plan	2.9 Adjust project plan	3.10 Adjust project plan	
1.10 Communicate results to date	2.10 Communicate results to date	3.11 Communicate results to date	4.10 Communicate impacts on business partners (analysts, financial institutions, etc)

Note: Zones with shadow are activities completed to date.

Responsibilities of the board of directors and/or audit committee

The board of directors, through the audit committee, has validate the proposed accounting policy choices, the proposed choices in respect of the IFRS 1 – First adoption of International Financial Reporting Standards and review and approve of the new financial statements and the MD&A.

Possible impact of implementation

Further to the preliminary conclusions, comparing IFRS with Canadian GAAP has helped identify a certain number of differences.

IFRS 1, “First-time Adoption of International Financial Reporting Standards”, prescribes optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS. The Company analyzes the various possible choices of accounting methods and shall implement the ones it deems most appropriate. Most of the adjustments required for the transition to IFRS shall be done retrospectively to opening retained earnings at the date of the first balance sheet presented in accordance with IFRS.

We have listed below certain differences between the accounting methods that could materially affect the Company’s financial statements, following required changes resulting from the conversion to IFRS. However, analysis of these changes is not complete and certain decisions need to be made with respect to the choice of accounting methods offered. The organizations setting Canadian GAAP and IFRS are currently working on major projects that could also have repercussions on the final differences between both bases of accounting and on their impact on the Company’s financial statements.

Differences between IFRS and GAAP identified to date, and proposed accounting choices

▲ Choices to be endorsed by management and the audit committee.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
Global orientation	
IAS 1 – Presentation of financial statements	
Several choices are available regarding the format of the reports.	
<p>In the statement of financial position (new possible term for balance sheet), the entity has to present current and non current assets and current and non current liabilities separately.</p> <p>The standard does not specify any order or presentation format of the elements in the financial statements.</p> <p>In the balance sheet, it is not necessary to invert the order of the headings like is done in Europe.</p>	<p>Regarding the balance sheet, the Entities wish to maintain the balance sheet in the current North American format, which is to present assets and liabilities in order, beginning with the short term assets. ▲</p>
<p>Regarding the income statement, an entity has to present expenses by nature of expense or by function in the entity, selecting the method which gives the more reliable and relevant information.</p>	<p>Regarding the income statement, the Entities wish to maintain the current format, which is by nature of expense. ▲</p>
<p>Regarding statement of comprehensive income, it's possible to combine it with the income statement or to present it separately.</p>	<p>The Company wish to present a single statement like is done presently. At present there are no elements to present in the statement of other comprehensive income. ▲</p>
<p>Regarding the statement of changes in equity, all the variations have to be explained.</p>	<p>The Company will modify the format of the statement of changes in retained earnings in order to explain the variation of all equity elements.</p>
<p>Several notes in the financial statements will have to be added or expanded with additional information. According the diagnostic study, several notes will be affected.</p> <p>The notes have to indicate :</p> <p>The compliance with IFRS (IAS 1.16);</p> <p>The address of its principal place of business (IAS 1.138(a));</p> <p>The nature of the entity's operations and its principal activities (IAS 1.138(b));</p> <p>The impact of the transition to IFRS (IFRS 1.23);</p> <p>Additional information on the nature of expenses, including depreciation and amortization and employee benefits expenses (IAS 1.104);</p> <p>The reconciliation of several accounts (IAS 38.118 et IAS 16.73);</p> <p>The allocation of elements presented in the financial statements (like equity (IAS 1.79);</p> <p>Key management personnel compensation (IAS 24.16).</p>	<p>The Company will add additional information to the notes to the financial statements.</p>

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

IAS 1.125 An entity shall disclose, in the notes, information concerning key assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

- (a) their nature, and
- (b) their carrying amount as at the end of the reporting period.

The Company will expand the notes to the financial statements and disclose the required information regarding estimates.

According to notes in the financial statements, the major sources of estimations are the following :

- the recoverability of mineral properties and deferred exploration expenditures
- valuation of stock-based compensation
- valuation of future income taxes
- the fair value of financial assets an liabilities

IAS 7 – Statement of cash flows

IAS 7.10 The statement of cash flows shall report cash flows during the period classified by operating, investing and financing activities.

IAS 7.18 An entity shall report cash flows from operating activities using either:

- (a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
- (b) the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

The Company wish to keep the current approach for the statement of cash flows, which is the indirect method. ▲

IFRS 6 – Exploration for and evaluation of mineral resources

IFRS 6.9 An entity shall determine an accounting policy specifying which expenditures are recognised as exploration and evaluation assets and apply the policy consistently.

The accounting policy will be reviewed and modified, if necessary for exploration and evaluation assets.

Further, an analysis will be performed to determine if any adjustments are needed to the current exploration and evaluation assets.

IFRS 6.9 In making this determination (of the accounting policy), an entity considers the degree to which the expenditure can be associated with finding specific mineral resources.

The capitalisation policy for exploration and evaluation assets will be reviewed and modified, if necessary, to ensure that it clearly outlines what types of expenses can be capitalised as exploration and evaluation assets.

The following are examples of expenditures that might be included in the initial measurement of exploration and evaluation assets (the list is not exhaustive):

- (a) acquisition of rights to explore;
- (b) topographical, geological, geochemical and geophysical studies;
- (c) exploratory drilling;
- (d) trenching;
- (e) sampling; and
- (f) activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

IFRS 6.15

An entity shall classify exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired and apply the classification consistently.

Exploration and evaluation assets will be analysed and classified either as property, plant and equipment or intangible assets. For example, mining rights are intangible assets.

IFRS 6.16

Some exploration and evaluation assets are treated as intangible (ex drilling rights), whereas others are tangible (ex vehicles and drilling rigs). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset. However, using a tangible asset to develop an intangible asset does not change a tangible asset into an intangible asset.

IFRS 6.12

After recognition, an entity shall apply either the cost model or the revaluation model to the exploration and evaluation assets. If the revaluation model is applied (either the model in IAS 16 Property, Plant and Equipment or the model in IAS 38) it shall be consistent with the classification of the assets

Regarding the evaluation after recognition, the cost model rather than the revaluation method will be used for exploration and evaluation assets. ▲

IFRS 6.18

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss in accordance with IAS 36.

The impairment indicators in IFRS 6 for exploration and evaluation assets are essentially the same indicators as are being used by the Company under Canadian GAAP. However, the depreciation test is different in that cash flows need to be discounted under IFRS whereas they only need to be discounted under Canadian GAAP if, in a first step, the undiscounted cash flows are less than the carrying amount.

The impairment policies and procedures will be reviewed, and modified if necessary, to ensure they comply with IFRS.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

IAS 16 – Property, plant and equipment

According to IAS 16.16 and 16.17, The cost of an item of property, plant and equipment comprises:

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- (b) costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Examples of directly attributable costs are:

- (a) costs of employee benefits (as defined in IAS 19 Employee Benefits) arising directly from the construction or acquisition of the item of property, plant and equipment;
- (b) costs of site preparation;
- (c) initial delivery and handling costs;
- (d) installation and assembly costs;
- (e) costs of testing whether the asset is functioning properly; and
- (f) professional fees.

According to IAS 16.19, Examples of costs that are not costs of an item of property, plant and equipment are:

- (a) costs of opening a new facility;
- (b) costs of introducing a new product or service (including costs of advertising and promotional activities);
- (c) costs of conducting business in a new location or with a new class of customer (including costs of staff training); and
- (d) administrative and other general overhead costs.
- (e) costs incurred while an item capable of operating in the manner intended by management has yet to be brought into use or is operated at less than full capacity;
- (f) initial operating losses, such as those incurred while demand for the item's output builds up; and
- (g) costs of relocating or reorganising part or all of an entity's operations.

The capitalisation policy for PP&E will be reviewed and modified if necessary to ensure that future capital expenditures are compliant with IFRS.

Further, an analysis will be performed to determine if any adjustments are needed to the current exploration and evaluation assets.

According to IAS 16.43, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

According to IAS 16.13, an entity recognises and derecognises properties, plant and equipment which may require replacement at regular intervals

On the basis of reflections to date, and since the PP&E assets are comprised primarily of furniture and equipment which is not easily broken down into significant components, it is unlikely that any new asset classes will be needed.

Based on a high-level assessment, it appears unlikely that any adjustments related to componentisation of PP&E will be needed on conversion.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

On the initial adoption of the IFRS, IFRS 1.D5 allow an optional exemption when retrospective application. Because the reconstitution of the historical cost of each property, plant and equipment can be, in some circumstances, a long and difficult work, an entity may elect to measure an item of property, plant and equipment at the date of transition to IFRSs at its fair value and use that fair value as its deemed cost at that date. The deemed cost is than used as a substitute of the cost or the non amortized cost at the beginning of this date.

Given the nature of property, plant and equipment held, the likelihood on encountering difficulty with respect to historical cost is low. Consequently, it is unlikely that this exemption will need to be used.

IAS 16.29 Regarding the evaluation after recognition, an entity shall choose either the cost model in paragraph 30 or the revaluation model in paragraph 31 as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

Regarding the evaluation of PP&E after initial recognition, the cost model will be used. ▲

According to IAS 16. 60, The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

The current depreciation methods and categories will be used. The actual depreciation methods used are the straight-line method and the diminishing balance method. ▲

According to IAS 16.61 The depreciation method applied to an asset shall be reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with IAS 8.

According to IAS16.62 A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method. Straight-line depreciation results in a constant charge over the useful life if the asset's residual value does not change. The diminishing balance method results in a decreasing charge over the useful life. The units of production method results in a charge based on the expected use or output. The entity selects the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits.

According to IAS 16.53, The depreciable amount of an asset is determined after deducting its residual value.

The current residual values of nil will be maintained.

According to IAS 16.55, Depreciation of an asset begins when it is available for use. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The PP&E accounting procedures will be modified to respect to the start and stop dates for depreciation. This change will not have significant impact at transition.

Regarding the disclosure according to IAS 16.73e) a reconciliation of the carrying amount at the beginning and end of the period.

The notes to the financial statements regarding property, plant and equipment will be modified to provide a reconciliation between the opening and closing balances.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

IAS 19 – Employee benefits

Short-term employee benefits which are recording immediately are :

Wages, salaries and social security contributions

Paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period)

Non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees

The accounting procedures will be reviewed to ensure that short-term employee benefit costs are recorded immediately.

IAS 20 – Accounting for government grants and disclosure of government assistance

The record of exploration credits and mining rights credits at the exploration stage are excluded from the application of IAS 12 and IAS 20

Each tax credit will be reviewed to determine if it will be accounted for using IAS 12 or 20 i.e. whether it will be accounted for as a tax decrease or a government grant.

The hot topic 2007-03 mentioned :

- The accounting treatment shall be based on the substance of the arrangement
- If the scope is a tax deduction or by reducing income tax liabilities, record and present as IAS 12
- If the grant is recorded and presented as other revenues or as expenses the related costs for which the grants are intended to compensate according to IAS 20.

According to IAS 20.7 Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

The current accounting procedures for the recording of non-monetary grants will be reviewed to make sure they meet the recognition criteria in the IFRS.

(a) the entity will comply with the conditions attaching to them; and

(b) the grants will be received.

According to IAS 20.12 Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

According to IAS 20.24, Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

For grants related to assets, a decision is required as to whether they will be presented in the statement of financial position either as deferred income or as deductions from the carrying amount of the related asset. ▲

According to IAS 20.29, Grants related to income are sometimes presented as a credit in the statement of comprehensive income, either separately or under a general heading such as 'Other income'; alternatively, they are deducted in reporting the related expense.

For grants related to income, the practice of deducting them from the related expense will be continued ▲

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

According to IAS 20.39 The following matters shall be disclosed:

- (a) the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements;
- (b) the nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and
- (c) unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

The financial statements notes will be reviewed to ensure they are in compliance with IAS 20

IAS 24 – Related party disclosures

IAS 24.16 An entity shall disclose key management personnel compensation in total for some categories of compensation.

According to IAS 24.9, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The required information will be presented in the notes to the financial statements.

However, it is necessary to establish which employees will be included in the key management personnel. ▲

IAS 36 – Impairment of assets

Some differences between the definitions and requirements of IAS 36 and those from GAAP like the following :

- En entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired;
- Measuring recoverable amount (recoverable amount compare to fair value);
- Validation of the cash-generating units compare to the operating segment;
- Reversal of impairment (except for goodwill).

At the end of each reporting period, an assessment will be performed to determine if there is any indication that one or more assets may be impaired.

According to IAS 36.66 If there is any indication that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

As required, the Company will identify the cash-generating units.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

IAS 37 – Provisions, contingent liabilities and contingent assets

According to IAS 37, a provision shall be recognised when:

- (a) an entity has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognised.

According to IAS 37.10 A provision is a liability of uncertain timing or amount.

At each reporting date, the Company will evaluate their current obligations to determine if any additional provisions need to be recorded.

IAS 39 – Financial instruments : Recognition and measurement

The standards of CICA Handbook on financial instruments and the IAS 39 are relatively converges. Under both standards, financial assets have to be designated so the accounting method can be determined.

The Company wish to maintain the current designations of financial instruments. ▲

According to IAS 39.43, When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company will review current practices to ensure that the transaction costs are recorded in according to IFRS.

According to IAS 39.AG13, Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

IFRS 1 – First-time adoption of international financial reporting standards

In its first opening IFRS balance sheet, the entity shall apply IFRS retrospectively.

The Company will prepare an opening balance sheet, at 1 January 2010.

The entity shall record the adjustments directly in the retained earnings at the transition date to IFRS.

A transition note will be drafted providing reconciliations and explanations of the impacts of the transition.

According to IFRS 1.14, An entity's estimates in accordance with IFRSs at the date of transition to IFRSs shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Company will comply with IFRS 1.14, be ensuring that estimates used for IFRS are consistent with those used for Canadian GAAP.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

IFRS 2 – Share-based payment

According to IFRS 2.IG11 Share options might vest in instalments over the vesting period « To apply the requirements of the IFRS, the entity should treat each instalment as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ. »

The Company will implement procedures to ensure that each instalment is accounted as a separate grant.

In Canada, it's possible to evaluate and record the expense through a straight-line method for the whole granting.

IFRS 2.10 For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to * the fair value of the equity instruments granted.

Because there are some differences in the dates and prices used in the calculation of the fair values for grants to other-than-employee, previous transactions will be reviewed and adjusted, if necessary.

IFRS 2 does not mention in which part of the equity, the credit should be recorded in the event of a share-based payment. It's acceptable that the credit is presented with the retained earnings but that is a matter of National.

The Company will present the credit in contributed surplus as is presently the practice.

IFRS 2 require to take in consideration the anticipated extinction in the recording of the employee expenses. In Canada it's a choice.

The Company will review their calculation so that the obligation is discounted using the expected extinction factor.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

According to IFRS 2.45 the entity shall disclose (in italic differences with Canadian GAAP)

- Description of each type of share-based payment arrangements including the general term :
 - Vesting requirements
 - Maximum term of options granted
 - Method of settlement (ex whether in cash or equity)
- Number and weighted exercise prices of share options for each groups of option (outstanding, granted, forfeited, exercised, expired, etc)
- Weighted average share price at the date of exercise or the weighted average share price during the period
- Range of exercise prices and weighted average remaining contractual life. For the share options outstanding at the date of exercise
- Info on the fair value of the share options granted :
 - Weighted average fair value of those options at the measurement date
 - Option pricing model used and the inputs to that model (exercise price, expected volatility, option life, etc.)
 - How expected volatility was determined
- Info for other equity instruments granted :
 - Number and weighted average fair value of those equity and information on how that fair value was measured
 - Weighted average fair value of those equity instruments
- Share-based payment arrangements that were modified during the period and explanation of those modifications
- If the entity has measured directly the fair value of goods or services received during the period : how that fair value was determined
- Total expense recognised in the profit and loss including separate disclosure of that portion of the total expense that arises from transactions accounted for as equity
- For liabilities :
 - The total carrying amount at the end of the period
 - The total intrinsic value for which the counterparty's right to cash or other assets had vested by the end of the period

The Company will review the notes to their financial statements to ensure the disclosed information is in compliance with IFRS 2.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

IFRS 3 – Business combinations

According to IFRS 1.10 an entity shall, in its opening IFRS statement of financial position:

- (a) recognise all assets and liabilities whose recognition is required by IFRSs;
- (b) not recognise items as assets or liabilities if IFRSs do not permit such recognition;
- (c) reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with IFRSs; and
- (d) apply IFRSs in measuring all recognised assets and liabilities.

According to IFRS 1.11 The accounting policies that an entity uses in its opening IFRS statement of financial position may differ from those that it used for the same date using its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to IFRSs. Therefore, an entity shall recognise those adjustments directly in retained earnings (or, if appropriate, another category of equity) at the date of transition to IFRSs.

In the absence of any other factors, the Company would have to record all the business combination retrospectively according to IFRS 3.

According to IFRS 1.C1, A first-time adopter may elect not to apply IFRS 3 (as revised in 2008) retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRSs). However, if a first-time adopter restates any business combination to comply with IFRS 3 (as revised in 2008), it shall restate all later business combinations and shall also apply IAS 27 (as amended in 2008) from that same date.

However, like virtually all first-time adopters, the Company wish to use this exemption allowing them not to account for prior business combinations retrospectively.▲

Regarding the business acquisitions at the transition date, According to IFRS 3 :

Acquisition-related costs (finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees etc) will be recorded as expenses in the periods in which the costs are incurred and the services are received.

Restructuring costs of the acquired company cannot be included in the acquisition costs. They are recorded as expenses.

Lorsqu'une partie de la contrepartie consentie pour l'acquisition dépend d'un événement futur, IFRS 3 exige que la juste valeur de cette contrepartie à la date d'acquisition soit incluse au titre du coût.

IFRS 3.18 and .32 The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values without consideration of the acquired percentage of interest like in Section 1581.

IFRS 3.22 and .23 shall recognise as of the acquisition date contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably and that even if the acquired company didn't recorded the amounts.

The Company wish to early-adopt the new section 1582 on Business combinations, for any business combinations occurring in 2010.

According to paragraph 1582.64A, This Section shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted.

The earlier application will eliminate differences in the transition year (2010).

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS

Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications

IFRS 7 – Financial instruments : Disclosures

According to IFRS 7.B6 The disclosures required by paragraphs 31–42 shall be either given in the financial statements or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.

The Company wish to present the disclosures required by paragraphs 31-42.

IFRS 8 – Operating segments

According to IFRS 8.11, An entity shall report separately information about each operating segment that:

- (a) has been identified in accordance with paragraphs 5–10 or results from aggregating two or more of those segments in accordance with paragraph 12, and
- (b) exceeds the quantitative thresholds in paragraph 13.

According to IFRS 8.5, An operating segment is a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (c) for which discrete financial information is available.

The Company will identify and report on operating segments, if applicable.

Monetary impact on Shareholder's equity following the adoption of IFRS

	(Unaudited) As at January 1, 2010
	\$
Shareholder's equity under Canadian GAAP	4,093,304
IFRS adjustment to equity:	
IAS 32 - Financial Instruments Presentation	
Reclassification of the fair value of the liability related to flow-through financings	(60,435)
Shareholder's equity under Canadian IFRS	<u>4,032,869</u>

Consequence of the transition to IFRS on the following elements

Systems and data

- The Company has decided to produce its financial statements using a set of work sheets for now.

Internal control over financial information

- Given the limited number of third parties, there has been no impact on internal controls.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes to financial statements.

These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from these estimates.

A detailed summary of the entire Company's significant accounting policies and the estimates derived there from is included in Note 3 to the Annual Financial Statements for the year ended December 31, 2010.

The following policies are considered to be the critical accounting policies as they involve the use of significant estimates:

1) Stock-based compensation plan:

The Company grants stock options to the eligible directors, officers, employees and consultants of the Company pursuant to its stock option plan. The stock-based compensation plan is recognized using the fair value method. The compensation cost is measured according to the fair value of the options the using the stock price and other measurement assumptions and is recognized as follows:

The compensation cost of options granted to directors, officers and employees is measured on the grant date and recognized over the related service period.

The compensation cost of options issued to consultants is recognized over the related service period and measured according to the fair value of the options on each balance sheet date until the earlier of the consultant's option vesting date or the date on which the other party has completed performance of its obligations by providing the services. Options which vest immediately are measured at the fair value on the grant date.

The compensation cost is expensed in the statement of earnings or capitalized according to the nature of services received and credited to contributed surplus. The consideration paid on the exercise of the options and the fair value of the options exercised are added to capital stock.

2) Mining properties and deferred exploration expenses:

Mining properties are composed of claims and options to acquire interest in properties and will be accounted for at their acquisition cost.

Expenses related to exploration and development of mining properties will be capitalized by property until the beginning of commercial production. If any, the accessory revenues earned over the period of exploration and development will be applied against capitalized costs.

The mining properties and deferred exploration expenses are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. In the event that the Company has insufficient information to estimate future cash flows to test the recoverability of the amounts capitalized, management measures the recoverability of amounts indicated as mining deposits and deferred exploration expenses by comparing their fair value to their carrying amount, without performing a recoverability test. It will also determine whether the results of exploration work justify additional investments, whether the Company's interest in the underlying mineral claims is confirmed, whether the Company is able to obtain necessary financing to complete the development, and whether future profitable production or proceeds from the disposal of mining deposits will be for an amount greater than their carrying amount.

If it is determined that mining properties and exploration expenses capitalized are not recoverable over the estimated useful life of the properties, or if the project is abandoned, the capitalized amount will be written down to their net realizable value.

If commercially profitable ore reserves are developed, and a production decision is made, mining properties and deferred exploration expenses of the related mining property will be reclassified as mining assets and amortized using the unit of production method.

The recoverability of amounts recorded for mining properties and deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mining titles, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. The amounts shown for mining properties and deferred exploration expenses do not necessarily represent actual or future values.

3) Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. The Company recognizes future income tax liabilities only when it is more likely than not that some or all of the future income tax assets will be realized.

Under the provisions of tax legislation relating to flow-through investments, the Company is required to renounce deductions for expenses related to exploration activities to the benefit of the investors. Under the tax liability method, considering EIC-146 of the Canadian Institute of Chartered Accountants, "Flow-through Shares", future income taxes relating to temporary differences are recorded on the date that the Company renounces the tax deductions to the benefit of the investors with a corresponding charge to common share issue expenses in the statement of deficit.

RISKS

All of the resource properties in which the Company has are at the exploration stage only and are without a known body of commercial ore or minerals. Substantial expenditures are required for our exploration programs and the development of reserves. In the absence of cash flow from operations, the Company relies on capital markets to fund its exploration and evaluation activities.

Capital market conditions and other unforeseeable events may impact the Company's ability to finance and develop its projects.

While discovery of reserves may result in substantial rewards, few exploration properties ultimately evolve into producing mines. Major expenditures are required to identify, confirm reserves and to construct mining and processing facilities. It is impossible to know whether the Company's current exploration programs will ultimately result in a profitable commercial mining operation.

A number of factors determine the economic viability of a property. They include the size of the deposit; the quantity, quality and average unit of the reserves; the proximity of the deposit to existing infrastructure; the estimated development and operating costs; the financing costs and the project cash flows; the prevailing prices and markets and the competitive nature of the industry. Also of key importance are governmental regulations, including those relating to taxes, royalties, land use, the environment, and interests and socio-economic impacts on affected communities.

In addition, although the Company has taken steps to verify that it holds good title to its mineral properties, there can be no guarantee that the Company's title may not be subject to unregistered prior agreements, encumbrances or adverse regulatory requirements. The consequences of these risks cannot be accurately predicted, but any combination of them may impair the development of a deposit or render it uneconomic.

The Company intends to continue the evaluation and exploration of its properties subject to the availability of financing on acceptable terms. The Company intends to finance these activities either through existing financial resources or through additional equity or quasi-equity financing. However, there can be no assurance that the Company will be able to raise such additional equity.

Additional information on the Company can be found on SEDAR (www.sedar.com).

MANAGEMENT RESPONSIBILITY WITH REGARDS TO FINANCIAL INFORMATION

Management is accountable for the Company's financial statements and any information included in this annual report.

The financial statements were prepared compliant to the Canadian generally accepted accounting principles. These statements include certain amounts based on estimates and assumptions. Management established these amounts in a reasonable way to make sure that the financial statements reflect the situation accurately, with all important matters. The financial information presented anywhere else in the annual report complies with the financial statements.

The management of Golden Share Mining Corporation

Golden Share Mining Corporation

(A Mining Exploration Company)

Consolidated Financial Statements December 31, 2010 and 2009

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Management's report

The consolidated financial statements of Golden Share Mining Corporation and the other financial information included in this annual report are Management's responsibility.

These consolidated financial statements and the other financial information have been prepared by Management in accordance with Canadian generally accepted accounting principles. This responsibility includes the selection of appropriate accounting policies and methods in the circumstances, and the use of careful judgment in establishing reasonable accounting estimates.

The Audit Committee, which is composed of internal directors, meets with the external auditors to discuss matters relating to audit, internal control and financial information. The Committee also reviews the annual financial statements.

These consolidated financial statements have been audited by Raymond Chabot Grant Thornton LLP, chartered accountants, whose report indicating the scope of their audit and their opinion on the financial statements is presented hereafter.

The Board of Directors has approved the Company's consolidated financial statements, on the recommendation of the Audit Committee.

/S/ Philippe Giaro
Président et CEO

/S/ Isabelle Gauthier
CFO

April 26, 2011



Independent Auditor's Report

To the Shareholders of
Golden Share Mining Corporation

Raymond Chabot Grant Thornton LLP

Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Québec H3B 4L8

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We have audited the accompanying consolidated financial statements of Golden Share Mining Corporation, which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of earnings, deferred exploration expenses, comprehensive income, deficit, contributed surplus and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Golden Share Mining Corporation as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Corporation has an accumulated deficit of \$6,582,467 as of December 31, 2010. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast doubt about the Corporation's ability to continue as a going concern.

/S/Raymond Chabot Grant Thornton, LLP¹

Montréal
April 26, 2011

¹ Chartered accountant auditor permit no. 18510

Golden Share Mining Corporation

Consolidated Balance Sheets

December 31, 2010 and 2009

	2010	2009
	\$	\$
ASSETS		
Current assets		
Cash	449,515	11,455
Accounts receivable (Note 6)	58,350	51,355
Prepaid expenses	15,594	5,194
	<u>523,459</u>	<u>68,004</u>
Cash held for exploration work (Note 4)	526,260	204,014
Exploration plant and equipment (Note 7)	642	1,925
Mining properties (Note 8)	2,206,502	879,927
Deferred exploration expenses (Note 9)	3,638,798	3,136,053
Investments in mining exploration companies (Note 10)	79,708	
	<u>6,975,369</u>	<u>4,289,923</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	97,525	132,094
Due to a shareholder company, SearchGold Resources Inc., without interest and repayment terms		64,525
Future income taxes	166,720	
	<u>264,245</u>	<u>196,619</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 11)	10,657,942	8,157,857
Contributed surplus	2,601,649	1,305,888
Deficit	(6,582,467)	(5,370,441)
Accumulated other comprehensive income (Note 19)	34,000	
	<u>6,711,124</u>	<u>4,093,304</u>
	<u>6,975,369</u>	<u>4,289,923</u>

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

On behalf of the Board,

/S/ Philippe Giaro
Director

/S/ Florent Baril
Director

Golden Share Mining Corporation

Consolidated Deferred Exploration Expenses

for the years ended December 31, 2010 and 2009

	2010	2009
	\$	\$
Balance, beginning of year	<u>3,136,053</u>	<u>3,269,188</u>
Additions		
Salaries and employee benefits	106,819	105,146
Consultants	3,000	
Royalties	5,000	5,000
Drilling	59,104	436,656
Field equipment	2,589	1,108
Transport		1,045
Laboratory analysis	22,777	72,917
Travel fees	53,619	21,427
Compilation	51,058	5,643
Trenching	1,048	493
Geochemical	8,500	
Geophysical	117,132	42,413
Line cutting		4,953
Geological	196,856	234,668
Equipment rental	300	3,775
Telecommunications	3,077	2,239
Supplies	1,009	4,353
Permits	2,885	2,567
Insurance	11,471	
Exploration plant and equipment amortization	1,283	1,283
	<u>647,527</u>	<u>945,686</u>
Balance before deductions	<u>3,783,580</u>	<u>4,214,874</u>
Déductions		
Option revenue	(23,463)	
Write-off of deferred exploration expenses	(120,233)	(1,076,922)
Tax credits refundable relating to resources and credits on duties refundable for losses	(1,086)	(1,899)
	<u>(144,782)</u>	<u>(1,078,821)</u>
Balance, end of year	<u>3,638,798</u>	<u>3,136,053</u>

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

Golden Share Mining Corporation

Consolidated Earnings

for the years ended December 31, 2010 and 2009

	2010	2009
	\$	\$
Administrative expenses		
Salaries and employee benefits (a)	76,932	171,286
Consultants (a)	173,076	69,782
Management fees	22,500	43,750
Professional services	132,824	91,426
Advertising	29,455	10,887
Corporate development		3,028
Investors related fees	180,528	49,310
Telecommunication	5,518	5,363
Registration and listing fees	75,992	47,162
Rental expenses	15,258	21,902
Office supplies	6,142	1,176
Insurance	7,031	11,174
Taxes, interests and bank charges	7,771	18,621
	<u>733,027</u>	<u>544,867</u>
Other expenses (revenues)		
Exchange (gain) loss	(5,013)	4,234
Net investments income		(411)
Option revenue	(2,537)	
Write-off of mining properties	27,520	
Write-off of deferred exploration expenses	120,233	1,076,922
Impairment on mining properties		386,572
Other	(1,467)	
	<u>138,736</u>	<u>1,467,317</u>
Loss before income taxes	871,763	2,012,184
Future income taxes (Note 12)	(75,867)	(349,827)
Net loss	795,896	1,662,357
Effect of warrants modification (Note 11)		131,080
Net loss applicable to shareholders	795,896	1,793,437
Basic and diluted net loss per share	<u>0.02</u>	<u>0.05</u>
Weighted average number of common share outstanding basic and diluted	<u>47,615,812</u>	<u>35,440,885</u>

- (a) The salaries and benefits include, for the option issued to directors, a stock-based compensation of \$76,932 for the year ended December 31, 2010 and \$170,354 for the year ended December 31, 2009. As for the consultants, it include, for the option issued, a stock-based compensation of \$173,076 for the year ended December 31, 2010 and \$69,782 for the year ended December 31, 2009.

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

Golden Share Mining Corporation
Consolidated Comprehensive Income
Consolidated Deficit
Consolidated Contributed Surplus

for the years ended December 31, 2010 and 2009

	2010	2009
	\$	\$
CONSOLIDATED COMPREHENSIVE INCOME		
Net loss	795,896	1,662,357
Other comprehensive income (Note 19)		
Change in fair value of an investment in a mining exploration company	(34,000)	
Comprehensive income	<u>761,896</u>	<u>1,662,357</u>
CONSOLIDATED DEFICIT		
Balance, beginning of period	5,370,441	3,198,235
Net loss	795,896	1,662,357
Issuance cost of shareholders' equity instruments, reduced by a future income tax asset of \$51,790 (\$8,052 in 2009) which have been devaluated	340,263	28,942
Effect of warrants modification (Note 11)		131,080
Effect of renouncing tax deductions relating to the flow-through investments	75,867	349,827
Balance, end of period	<u>6,582,467</u>	<u>5,370,441</u>
Accumulated other comprehensive income (Note 19)	(34,000)	
Deficit and accumulated other comprehensive income	<u>6,548,467</u>	<u>5,370,441</u>
CONSOLIDATED CONTRIBUTED SURPLUS		
Balance, beginning of period	1,305,888	791,725
Warrants issued to the broker	167,361	2,883
Warrants issued at the time of issuance of shareholders' equity instruments	928,530	140,064
Effect of warrants modification (Note 11)		131,080
Stock-based compensation	250,008	240,136
Exercise of options	(38,969)	
Exercise of warrants	(11,169)	
Balance, end of period	<u>2,601,649</u>	<u>1,305,888</u>

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

Golden Share Mining Corporation

Consolidated Cash Flows

for the years ended December 31, 2010 and 2009

	2,010	2009
OPERATING ACTIVITIES		
Net loss	(795,896)	(1,662,357)
Non-cash items		
Stock-based compensation	250,008	240,136
Write-off of mining properties	27,520	
Write-off of deferred exploration expenses	120,233	1,076,922
Impairment on mining properties		386,572
Future income taxes	(75,867)	(349,827)
Option revenue	(2,537)	
Changes in working capital items (Note 13)	(95,550)	162,662
Cash flows from operating activities	<u>(572,089)</u>	<u>(145,892)</u>
INVESTING ACTIVITIES		
Cash held for exploration work	(322,246)	823,742
Mining properties	(87,057)	(33,816)
Deferred exploration expenses	(606,403)	(1,236,018)
Acquisition of a subsidiary shares (Note 5)	(6,903)	
Advance to a shareholder company	(19,708)	
Cash flows from investing activities	<u>(1,042,317)</u>	<u>(446,092)</u>
FINANCING ACTIVITIES		
Due to a shareholder company	(64,525)	61,133
Issuance of shareholders' equity instruments	2,305,940	476,800
Issuance cost of shareholder's equity instruments	(188,949)	(48,858)
Cash flows from financing activities	<u>2,052,466</u>	<u>489,075</u>
Net increase (decrease) in cash	<u>438,060</u>	<u>(102,909)</u>
Cash, beginning of year	<u>11,455</u>	<u>114,364</u>
Cash, end of year	<u><u>449,515</u></u>	<u><u>11,455</u></u>

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

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

The Company, incorporated under the Canada Business Corporations Act, specializes in acquiring and exploring gold mining exploration properties located in Canada.

The recoverability of amounts shown for mining properties and related deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration, the development and to place these properties into production and the renewal of underlying titles to the mining properties and/or future proceeds from the disposition thereof. According to Management, the net book value of mining properties and deferred exploration expenses as at December 31, 2010 and 2009 represents Management's best estimate of their net recoverable value. However, this value could be reduced in the future.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis on the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mining properties contain mineral deposits that are economically recoverable, the Company did not generate income and cash flows from its operations until now. As at December 31, 2010, the Company has a deficit of \$6,582,467 (\$5,370,441 in 2009). These conditions raise significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

Management assesses its financing needs and strategic alternatives including potential changes relating to its mining deposit agreements, exploration programs and discretionary expenses.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the balance sheet classification have not been adjusted as would be required if the going concern assumption were not appropriate

Although the Company has taken steps to verify title to the mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory acquirements.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

2 - CHANGES IN ACCOUNTING POLICIES

RECENT ACCOUNTING CHANGES

The Company adopted the following new recommendations of the Canadian Institute of Chartered Accountants' (CICA) Handbook:

Business combinations:

In January 2009, the CICA published Section 1582, "Business Combinations", which replaces Section 1581 of the same title. On the same date, the CICA also published new Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests". These two new sections replace Section 1600, "Consolidated Financial Statements".

The objective of Section 1582 is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. Section 1601 establishes standards for the preparation of consolidated financial statements following a business combination that involves a purchase of an equity interest by one company in another. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

Section 1582 must be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, and Sections 1601 and 1602 are effective for fiscal years beginning on or after January 1, 2011. These sections may be early adopted. The Company has elected to early adopt Sections 1582, 1601 and 1602 as at January 1, 2010. These sections were applied for business combinations that occurred on or after January 1, 2010 except for Section 1602 "Non-Controlling Interests" which were applied retrospectively. Accordingly, the subsidiary acquisition described in Note 5, has been recognized in accordance with the requirements of Section 1582. Adoption of this new section has led to a \$38,176 increase in the net loss and professional services recognized in earnings and didn't have a significant impact on basic and diluted net loss per share.

Other new standards have been published, but they should not have a significant impact on the Company's financial statements.

3 – ACCOUNTING POLICIES

Principles of consolidation

As at December 31, 2010, the consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Nanoose Gold Limited since the date of acquisition.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

3 - ACCOUNTING POLICIES (continued)

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenue and expenses. The management has made a number of significant estimates and valuation assumptions, including estimates of the recoverability of mining properties and deferred exploration expenses, valuation of stock-based compensation, valuation of warrants, valuation of future income taxes and the fair value of financial assets and liabilities. These estimates and valuation assumptions are based on current information and management's planned course of actions, as well as assumptions about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

Financial assets and liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions such as the due to a shareholder company.

Subsequently, financial assets and liabilities are measured and recognized as follows.

Cash and cash held for exploration work are classified as held-for-trading financial assets.

The advances to an employee and to a shareholder company are classified as loans and receivables. It is measured at amortized cost, which is generally the amount on initial recognition less any allowance for doubtful accounts, if so.

The common shares in a quoted company are classified as available-for-sale financials assets and are measured at fair value. Unrealized losses or gains are recognized in consolidated earnings and comprehensive loss until those losses or gains are realized or when the investment sustains a loss in value that is other than a temporary decline.

Accounts payable and accrued liabilities and the due to a shareholder company are classified as other financial liabilities. They are measured at amortized cost. Transaction costs, if so, are applied against the carrying amount of any related financial liabilities.

December 31, 2010 et 2009

3 - ACCOUNTING POLICIES (continued)

Exploration plant and equipment

Exploration plant and equipment are recorded at cost. Amortization is calculated over their estimated useful lives according to the straight-line method over 3 years.

Mining properties and deferred exploration expenses

Mining properties are composed of claims and options to acquire interest in properties and will be accounted for at their acquisition cost.

Expenses related to exploration and development of mining properties will be capitalized by property until the beginning of commercial production. If any, the accessory revenues earned over the period of exploration and development will be applied against capitalized costs.

The mining properties and deferred exploration expenses are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. In the event that the Company has insufficient information to estimate future cash flows to test the recoverability of the amounts capitalized, management measures the recoverability of amounts indicated as mining deposits and deferred exploration expenses by comparing their fair value to their carrying amount, without performing a recoverability test. It will also determine whether the results of exploration work justify additional investments, whether the Company's interest in the underlying mineral claims is confirmed, whether the Company is able to obtain necessary financing to complete the development, and whether future profitable production or proceeds from the disposal of mining deposits will be for an amount greater than their carrying amount.

If it is determined that mining properties and exploration expenses capitalized are not recoverable over the estimated useful life of the properties, or if the project is abandoned, the capitalized amount will be written down to their net realizable value.

If commercially profitable ore reserves are developed, and a production decision is made, mining properties and deferred exploration expenses of the related mining property will be reclassified as mining assets and amortized using the unit of production method.

The recoverability of amounts recorded for mining properties and deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mining titles, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. The amounts shown for mining properties and deferred exploration expenses do not necessarily represent actual or future values.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

3 - ACCOUNTING POLICIES (continued)

Capital stock

Revenue from the unit issue is allocated proportionately between common shares and warrants according to their respective fair values.

Issuance cost of shareholders' equity instruments

Issuance cost of shareholders' equity instruments are recorded in the deficit.

Stock-based compensation plan

The Company grants stock options to the eligible directors, officers, employees and consultants of the Company pursuant to its stock option plan. The stock-based compensation plan is recognized using the fair value method. The compensation cost is measured according to the fair value of the options the using the stock price and other measurement assumptions and is recognized as follows:

The compensation cost of options granted to directors, officers and employees is measured on the grant date and recognized over the related service period.

The compensation cost of options issued to consultants is recognized over the related service period and measured according to the fair value of the options on each balance sheet date until the earlier of the consultant's option vesting date or the date on which the other party has completed performance of its obligations by providing the services. Options which vest immediately are measured at the fair value on the grant date.

The compensation cost is expensed in the statement of earnings or capitalized according to the nature of services received and credited to contributed surplus. The consideration paid on the exercise of the options and the fair value of the options exercised credited to contributed surplus are added to capital stock.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. The Company recognizes future income tax liabilities only when it is more likely than not that some or all of the future income tax assets will be realized.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

3 - ACCOUNTING POLICIES (continued)

Under the provisions of tax legislation relating to flow-through investments, the Company is required to renounce deductions for expenses related to exploration activities to the benefit of the investors. Under the tax liability method, considering EIC-146 of the Canadian Institute of Chartered Accountants, "Flow-through Shares", future income taxes relating to temporary differences are recorded on the date that the Company renounces the tax deductions to the benefit of the investors with a corresponding charge to the deficit.

Foreign currency translation

The monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year. Gains and losses are included in the earnings for the year.

Basic and diluted net loss per share

The basic net loss per share is calculated using the weighted average number of shares outstanding during the year. For the years ended December 31, 2010 and 2009, outstanding stock options and warrants are not included in the computation of diluted loss per share since the Company has incurred losses and therefore the options and the warrants would be anti-dilutive.

Laws and regulations

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. To management's best knowledge, the Company's operations are in compliance with current laws and regulations. Any payment resulting from mining property restorations would be charged to the cost of the mining properties when it is possible to reasonably estimate the amount.

4 - CASH HELD FOR EXPLORATION WORK

The funds held for exploration work represents the balance not spent on flow-through financing according to the restrictions stated by these financing. The Company has to dedicate these funds to mining properties exploration.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

5 – ACQUISITION OF A SUBSIDIARY'S SHARES

On October 28, 2010, the Company acquired 100% of the outstanding common shares of Nanoose Gold Limited (“Nanoose”), a mining exploration company, through a share exchange on a one common share of the Company to one common share of Nanoose basis.

The Company has issued 5,000,000 common shares at a deemed price of \$0.205 per share and 471,100 warrants for a total consideration of \$988,952 net of a discount for illiquidity. This consideration reflects the fact that 3,000,000 common shares will be placed in escrow and released over a five-year period and, accordingly, are recognized at their fair value.

Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.15 per share, valid for 24 months following the issue.

Nanoose's acquisition was recorded according to the purchase method of accounting. Consequently the results of operations have been included in the consolidated earning ever since. The values attributed to the net assets acquired are detailed as follows:

	\$
Acquired assets	
Accounts receivable	2,061
Mining properties	1,170,538
Deferred exploration expenses	4,095
	<u>1,176,694</u>
Acquired liabilities	
Bank overdraft	6,903
Accounts payable and accrued liabilities	14,119
Future income taxes	166,720
	<u>187,742</u>
Net assets acquired through a share exchange	<u><u>988,952</u></u>

Nanoose's expenses in the consolidated statement of earnings since the acquisition date are \$353 and no income was generated. Its expenses for the period of January 1 to December 31, 2010 totalled \$292,130 and no income was generated.

Golden Share Mining Corporation
Notes to Consolidated Financial Statements

December 31, 2010 et 2009

6 - ACCOUNTS RECEIVABLE

	2010	2009
	\$	\$
Sales taxes	38,376	34,105
Advance to an employee, without interest	1,250	2,250
Supplier's deposits, without interest	18,724	15,000
	<u>58,350</u>	<u>51,355</u>

7 - EXPLORATION PLANT AND EQUIPMENT

	2010		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	<u>3,850</u>	<u>3,208</u>	<u>642</u>

	2009		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	<u>3,850</u>	<u>1,925</u>	<u>1,925</u>

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

8 - MINING PROPERTIES

	Balance as at December 31, 2009	Additions	Acquisition of a subsidiary (Note 5)	Write-off and/or Impairment	Balance as at December 31, 2010
	\$	\$	\$	\$	\$
Quebec					
Fortune Lake					
West	1				1
Chevrier Lake	1				1
Blondeau-Guillet	1				1
Forsan	299,000				299,000
Malartic Lakeshore	101,000				101,000
Lutetium	1,316	312			1,628
Vent d'Or		27,520		(27,520)	
Ontario					
Elwood	452,700	25,000			477,700
Pistol Lake	25,908	69,725			95,633
Berens River		61,000	1,170,538		1,231,538
	<u>879,927</u>	<u>183,557</u>	<u>1,170,538</u>	<u>(27,520)</u>	<u>2,206,502</u>

	Balance as at December 31, 2008	Additions	Acquisition of a subsidiary shares	Write-off and/or Impairment	Balance as at December 31, 2009
	\$	\$	\$	\$	\$
Quebec					
Fortune Lake					
West	197,200			(197,199)	1
Chevrier Lake	40,000			(39,999)	1
Blondeau-Guillet	149,375			(149,374)	1
Forsan	205,000	94,000			299,000
Malartic Lakeshore	74,500	26,500			101,000
Lutetium		1,316			1,316
Ontario					
Elwood	405,200	26,500			431,700
Elwood West	21,000				21,000
Pistol Lake	16,908	9,000			25,908
	<u>1,109,183</u>	<u>157,316</u>		<u>(386,572)</u>	<u>879,927</u>

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

8 - MINING PROPERTIES (continued)

Fortune Lake West

The Company acquired 100% of a mining property consisting of 17 claims in Abitibi, Quebec.

These claims are subject to a net smelter royalty of 1.5%. An advance of \$5,000 is payable annually since February 15, 2008 until beginning of commercial production.

In 2009, the Company has taken impairment on its mining property.

On August 16, 2010, the Company signed an option agreement with Vanstar Mining Resources Inc. ("Vanstar") through which Vanstar can acquire, over a three-year period, a 70% interest in the property at the following conditions:

- By paying to Golden Share a total of \$45,000, as \$30,000 on the first anniversary date and \$15,000 on the second anniversary date;
- By issuing to Golden Share a total of 700,000 common shares of Vanstar, as 200,000 common shares upon signature, 200,000 common shares on the first anniversary date and 300,000 common shares on the second anniversary date;
- By incurring a total of \$1,000,000 in exploration expenses, as \$300,000 on the first anniversary date, \$300,000 on the second anniversary date and \$400,000 on the third anniversary date.

Following the acquisition of a 70% interest by Vanstar, a joint venture will be formed to further develop the property.

As at December 31, 2010, the Company received 200,000 common shares (Note 10).

Chevrier Lake

The Company acquired 100% of a mining property consisting of 8 claims located in the township of Blondeau, in Québec.

These claims are subject to a net smelter royalty of 1.5% which may be redeemed for \$1,000,000 if the property is brought into production.

In 2009, the Company has taken impairment on its mining property and has also written-down its deferred exploration expenses on its property.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

8 - MINING PROPERTIES (continued)

Blondeau-Guillet

The Company acquired an option to acquire a 70% interest in the gold project of Blondeau-Guillet totalling 155 claims which covers an area of 24.8 km² located in North-western Québec. As of December 31, 2008, the Company has respect all conditions entitling it to acquire a 50% interest in the property. Subsequently to year-end, the Company has informed Niogold Mining Corporation that it would renounce to acquire the additional 20% interest. In 2009, the Company has transferred the 50% interest in the Blondeau-Guillet property in its name.

Following the acquisition of the 50% interest by the Company, the expenses incurred for the further develop the property will be shared by the Company and Niogold Mining Corporation, based on the interest owned by each party.

A 1% to 2% net smelter royalty will be payable to previous owners.

In 2009, the Company has taken impairment on its mining property and has also written-down its deferred exploration expenses on its property.

Forsan

As at October 5, 2007, the Company entered into an option agreement to acquire, over a three-year period, a 100% interest in a property composed of 50 claims which cover a total area of 8 km², located in Vauquelin in the province of Quebec at the following conditions:

- By paying a total of \$125,000, as \$25,000 upon signature, \$50,000 on the first anniversary date and \$50,000 on the second anniversary date;
- By issuing a total of 1,200,000 of the Company's common shares, as 400,000 common shares after listing on the market, 400,000 common shares on the first anniversary date and 400,000 common shares on the second anniversary date;
- By incurring a total of \$500,000 in exploration expenses, as \$200,000 in the first year, \$200,000 in the second year and \$100,000 in the third year;

An additional 400,000 common shares should be issued at any time in the event that measured and indicated resources representing 250,000 ounces of gold or more could be defined and validated and 400,000 additional common shares at any time in the event that measured and indicated resources representing 500,000 ounces of gold or more could be defined and validated.

The vendor will retain a 2% net smelter return. In the event that commercial production is achieved on the properties, the Company will have the right to purchase the net smelter return held by the vendors for \$1,000,000 per 1% net smelter return bracket.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

8 - MINING PROPERTIES (continued)

In September 2009, the Company has signed an addendum modifying the last payment condition as follows:

- Payment of \$12,500 on the second anniversary date;
- Issuance of 312,500 common shares of the Company's common shares for \$37,500 on the second anniversary according to the average price for the five trading days prior to the signature of this addendum, i.e. \$0.12 per share.

As at December 31, 2009, the Company respected all conditions entitling the Company to acquire a 100% interest in the property. The Company has transferred the 100% interest in the Forsan property in its name.

Malartic Lakeshore

As at October 5, 2007, the Company entered into an option agreement to acquire, over a three-year period, a 100% interest in a property composed of 22 claims which cover a total area of 9.6 km², located in Malartic in the province of Quebec at the following conditions:

- By paying a total of \$30,000, as \$10,000 upon signature, \$10,000 on the first anniversary date and \$10,000 on the second anniversary date;
- By issuing a total of 450,000 of the Company's common shares, as 150,000 common shares after listing on the market, 150,000 common shares on the first anniversary date and 150,000 common shares on the second anniversary date;
- By incurring a total of \$250,000 in exploration expenses, as \$100,000 in the first year, \$100,000 in the second year and \$50,000 in the third year;

An additional 150,000 common shares should be issued at any time in the event that measured and indicated resources representing 250,000 ounces of gold or more could be defined and validated and 150,000 additional shares at any time in the event that measured and indicated resources representing 500,000 ounces of gold or more could be defined and validated.

The vendor will retain a 2% net smelter return. In the event that commercial production be achieved on the properties, the Company will have the right to purchase the net smelter return held by the vendors for \$1,000,000 per 1% net smelter return bracket.

As at August 15, 2008, the Company acquired, from an independent person, 4 additional claims covering an area of 0.4 km² for an amount of \$2,000 and 25,000 common shares of the company at a price of \$0.15 per share.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

8 - MINING PROPERTIES (continued)

As at December 31, 2009, the Company respected all conditions entitling the Company to acquire a 100% interest in the property. The Company has transferred the 100% interest in the Forsan property in its name.

Lutetium

On November 30, 2009, the Company acquired 23 claims covering a total area of 13.7 km² located in Wabassee and Kensington in the province of Quebec.

In November 2010, the Company acquired 6 additional claims covering a total area of 3.6 km².

Vent D'Or

On January 22, 2010, the Company entered into an option agreement to acquire, over a two-year period, a 100% interest in a property composed of 29 claims which cover a total area of 16.2 km², located in Druillettes and Hazeur Townships in the province of Quebec at the following conditions:

- By issuing a total of 500,000 of the Company's common shares, as 300,000 common shares upon signature and 200,000 common shares on the first anniversary date;
- By incurring a total of \$200,000 in exploration expenses, as \$100,000 on the first anniversary date, and \$100,000 on the second anniversary;

An additional 200,000 common shares should be issued at any time in the event that measured and indicated resources representing 250,000 ounces of gold or more could be defined and validated and 200,000 additional common shares at any time in the event that measured and indicated resources representing 500,000 ounces of gold or more could be defined and validated.

The vendor will retain a 2% net smelter return. In the event that commercial production is achieved on the property, the Company will have the right to purchase the net smelter return held by the vendors for \$1,000,000 per 1% net smelter return bracket.

As at December 31, 2010, the Company has issued 300,000 common shares of the Company for a total value of \$27,000.

In August 2010, the Company acquired 10 additional claims covering a total area of 5.6 km².

Subsequently to year-end, the Company has decided to no longer pursue the development of this mining property and therefore wrote-off the mining properties and deferred exploration expenses for an amount of \$27,520 and \$120,233 respectively.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

8 - MINING PROPERTIES (continued)

Elwood

As at October 5, 2007, the Company entered into an option agreement to acquire, over a four-year period, a 100% interest in a property composed of 21 claims which cover a total area of 22.1 km², located in the townships Duckworth and Lambert in the province of Ontario at the following conditions:

- By paying a total of \$230,000, as \$110,000 no later than March 10, 2008 and \$40,000 no later than March 10, 2009, 2010 and 2011;
- By issuing a total of \$210,000 of the Company's common shares, as \$70,000 in common shares no later than March 10 2009, 2010 and 2011;
- By issuing a total of 1,440,000 of the Company's common shares after listing on the market;
- By incurring a total of \$150,000 in exploration expenses, as \$50,000 no later than December 31, 2007 and \$100,000 no later than December 31, 2008.

The vendor will retain a 2% net smelter return. The Company may, at any time, repurchase 1% of the net smelter return by paying the seller the amount of \$1,000,000.

In May 2009, the Company has signed an addendum modifying the payment and the Company's common shares issuance of the conditions as follows:

- By paying a total of \$30 000, as \$10 000 no later than May 15, 2009, 2010 and 2011;
- By issuing a total of 450,000 of the Company's common shares, as 150,000 common shares no later than May 15, 2009, 2010 and 2011;

Moreover, as part of this addendum, The Company has included its Elwood West property in the 2% net smelter return payable to the seller.

As at December 31, 2010, the Company has paid a total of \$130,000 in cash, issued 1,740,000 (150,000 in 2010; 150,000 in 2009; 1,440,000 in 2008) common shares of the Company for a total value of \$326,700 (\$15,000 in 2010; \$16,500 in 2009; \$295,200 in 2008) and incurred deferred exploration expenses of \$474,981.

Elwood West

As at May 12, 2008, the Company acquired 100% of a property composed of 10 claims covering a total area of 14.7 km² located in the townships of Duckworth and Lambert in the province of Ontario for an amount of \$21,000.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

8 - MINING PROPERTIES (continued)

For financial statements presentation purposes, in 2010, the Company decided to merge the property with Elwood and form only one property.

Pistol Lake

As at October 9, 2008, the Company entered into an option agreement to acquire, over a four-year period, a 100% interest in a property composed of 29 claims which cover a total area of 26.9 km², located in the township of Hagey in the province of Ontario at the following conditions:

- By paying a total of \$150,000, as \$50,000 on the secondary anniversary date, \$50,000 on the third anniversary date and \$50,000 on the fourth anniversary date. Half of the third payment can be executed by the issuance of a number of common shares of the Company representing the sum of \$25,000 according to market price at the time of the last instalment.
- By issuing a total of 300,000 of the Company's common shares, as 75,000 common shares upon signature and 75,000 common shares on the first, second and third anniversary date.
- By incurring a total of \$400,000 in exploration expenses; \$100,000 on the first, second, third and fourth anniversary date.

The vendor will retain a 3% net smelter return. In the event that commercial production is started on the property, the Company will have the right to purchase a portion equal to a first third of the royalty for \$500,000. Additionally, the Company will have the right to purchase a portion equal to a second third of the royalty for \$1,000,000.

Following the acquisition of the 100% interest, the Company shall make an advance-royalty payment of \$20,000 per year starting on the fifth anniversary date. Before the ninth anniversary date, the Company may elect to execute half of the payment in a number of common shares of the Company representing the sum of \$10,000 according to the market price at such date.

As at December 31, 2010, the Company has paid a total of \$50,000 in cash, issued 225,000 (75,000 in 2010; 75,000 in 2009; 75,000 in 2008) common shares of the Company for a total value of \$30,000 (\$13,500 in 2010; \$9,000 in 2009; \$7,500 in 2008) and incurred deferred exploration expenses of \$314,332.

In September 2010, the Company acquired 4 additional claims comprising 49 units covering a total area of 7.8 km².

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

8 - MINING PROPERTIES (continued)

Berens River

In connection with the acquisition of the subsidiary Nanoose Gold Limited ("Nanoose"), describe in Note 5, the Company acquired an option agreement to acquire a 100% interest in Berens River property composed of one claim comprising 15 units for a total area of 2.4 km² located 200 km north of Red Lake in Ontario at the following conditions:

- By paying a total of \$480,000, as \$20,000 upon signature, \$20,000 75 days following the signature, \$40,000 no later than February 15, 2011, \$50,000 no later than February 15, 2012, \$50,000 no later than February 15, 2013, \$100,000 no later than February 15, 2014 and \$200,000 no later than February 15, 2015.
- By issuing a total of 1,000,000 of the Company's common shares, as 200,000 common shares upon signature, 200,000 common shares no later than February 15, 2011, 100,000 common shares no later than February 15, 2012, 100,000 common shares no later than February 15, 2013, 200,000 common shares no later than February 15, 2014 and 200,000 common shares no later than February 15, 2015.

Following the acquisition of a 100% interest by Golden Share, the Vendor will retain a 2% Net Smelter Royalty. The Company will have the right to purchase a portion equal to a half of the Royalty, as 1%, for \$2,000,000.

As at December 31, 2010, the Company has paid a total of \$20,000 in cash, issued 200,000 common shares of the Company for a total value of \$41,000.

Golden Share Mining Corporation
Notes to Consolidated Financial Statements

December 31, 2010 et 2009

9 - DEFERRED EXPLORATION EXPENSES

	Balance at December 31 2009	Additions	Option revenue and/or write-off	Acquisition of a subsidiary (Note 5)	Balance at December 31 2010
	\$	\$	\$	\$	\$
Quebec					
Fortune Lake West		23,463	(23,463)		
Chevrier Lake		104			104
Blondeau-Guillet		3,075			3,075
Forsan	935,792	205,309			1,141,101
Malartic Lakeshore	1,496,833	72,833			1,569,666
Lutetium		45,025			45,025
Vent d'or		120,233	(120,233)		
Ontario					
Elwood	417,730	57,251			474,981
Pistol Lake	285,698	28,634			314,332
Berens River		86,419		4,095	90,514
	<u>3,136,053</u>	<u>642,346</u>	<u>(143,696)</u>	<u>4,095</u>	<u>3,638,798</u>

	Balance at December 31 2008	Additions	Option revenue and/or write-off	Acquisition of a subsidiary (Note 5)	Balance at December 31 2009
	\$	\$	\$	\$	\$
Quebec					
Fortune Lake West		8,531	(8,531)		
Chevrier Lake	606,981	(1,899)	(605,082)		
Blondeau-Guillet	463,104	205	(463,309)		
Forsan	684,592	251,200			935,792
Malartic Lakeshore	963,226	533,607			1,496,833
Ontario					
Elwood	398,560	19,170			417,730
Pistol Lake	152,725	132,973			285,698
	<u>3,269,188</u>	<u>943,787</u>	<u>(1,076,922)</u>		<u>3,136,053</u>

Golden Share Mining Corporation
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10 – INVESTMENTS IN MINING EXPLORATION COMPANIES

	<u>2010</u>	<u>2009</u>
	\$	\$
Common shares in a quoted company, at fair value Vanstar Mining Resources Inc. Common shares representing an interest of 1.4 % (a)	60,000	
Advances to a shareholder company, SearchGold Resources Inc. without interest	<u>19,708</u>	
	<u><u>79,708</u></u>	

(a) Vanstar Mining Resources Inc. ("Vanstar") is a gold mining exploration company.

During the year, the Company recognized a change in the fair value of \$34,000 in the consolidated comprehensive income to reflect its investment at fair value.

11 - CAPITAL STOCK

Authorized capital stock

Unlimited number of common shares voting and participating

Capital stock issued and fully paid

	<u>2010</u>		<u>2009</u>	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance, beginning of year	39,577,193	8,157,857	34,307,193	7,697,621
Private investments for a cash consideration	12,156,000	794,755	2,168,000	54,706
Flow-through investments for a cash consideration	7,494,331	579,819	2,014,500	282,030
Acquisition of mining properties	5,804,891	992,373	1,087,500	123,500
Exercise of option	450,000	84,469		
Exercise of warrants	250,000	48,669		
Balance, end of year	<u><u>65,732,415</u></u>	<u><u>10,657,942</u></u>	<u><u>39,577,193</u></u>	<u><u>8,157,857</u></u>

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

11 - CAPITAL STOCK (continued)

In September 2009, the Company completed a private placement of \$145,000. The Company issued 145 units each unit including 12,500 common shares of the Company at a price of \$0.08 per share and 12,500 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.15 per share, valid for 24 months following the issue. An amount of \$61,453 related to the issued warrants was applied against contributed surplus.

In October 2009, the Company completed a flow-through placement of \$331,800. The Company issued 474 units each unit including 4,250 flow-through shares of the Company and 750 common share of the Company at a price of \$0.14 per share and 2,500 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.25 per share if exercised in the first 12 months following the closing date, or at a price of \$0.30 if exercised between the 13th month and 24th month following the closing date. An amount of \$78,611 related to the issued warrants was applied against contributed surplus.

In April 2010, the Company completed a flow-through placement of \$249,600. The Company issued 208 units each unit including 8,000 flow-through shares of the Company and 2,000 common share of the Company at a price of \$0.12 per share and 10,000 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.20 per share if exercised in the first 12 months following the closing date, or at a price of \$0.25 if exercised between the 13th month and 24th month following the closing date. An amount of \$95,837 related to the issued warrants was applied against contributed surplus.

In May 2010, the Company completed a first tranche of a private placement for \$173,000. The Company issued 173 units each unit including 10,000 common shares of the Company at a price of \$0.10 per share and 10,000 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.15 per share, valid for 24 months following the issue. An amount of \$70,602 related to the issued warrants was applied against contributed surplus.

In June 2010, the Company completed the last tranche of a private placement for \$50,000. The Company issued 50 units each unit including 10,000 common shares of the Company at a price of \$0.10 per share and 10,000 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.15 per share, valid for 24 months following the issue. An amount of \$20,502 related to the issued warrants was applied against contributed surplus.

In July 2010, the Company completed a private placement for \$40,000. The Company issued 40 units each unit including 10,000 common shares of the Company at a price of \$0.10 per share and 10,000 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.15 per share, valid for 24 months following the issue. An amount of \$16,837 related to the issued warrants was applied against contributed surplus.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

11 - CAPITAL STOCK (continued)

In September 2010, the Company completed the first tranche of a private placement for \$957,800. The Company issued 443 units with each unit including 10,000 common shares of the Company at a price of \$0.10 per share and 10,000 warrants of the Company. The Company also issued 440,000 common shares of the Company at a price of \$0.12 per share, 3,849,998 flow-through shares of the Company at a price of \$0.12 per share and 6,574,999 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.15 per share, valid for 24 months following the issue. An amount of \$345,997 related to the issued warrants was applied against contributed surplus.

In October 2010, the Company completed the last tranche of a private placement for \$415,040. The Company issued 157 units with each unit including 10,000 common shares of the Company at a price of \$0.10 per share and 10,000 warrants of the Company. The Company also issued 170,000 common shares of the Company at a price of \$0.12 per share, 1 980,333 flow-through shares of the Company at a price of \$0.12 per share and 2,645,165 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.15 per share, valid for 24 months following the issue. An amount of \$146,726 related to the issued warrants was applied against contributed surplus.

The Company also completed, in October 2010, a private placement for \$337,500. The Company issued 2,500,000 common shares of the Company at a price of \$0.135 per share and 2,500,000 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.175 per share, valid for 24 months following the issue. An amount of \$151,865 related to the issued warrants was applied against contributed surplus.

Warrants

Outstanding warrants entitle their holder to subscribe to an equal number of common shares as follows:

	2010		2009	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning of year	6,840,200	0.22	6,764,420	0.28
Issued	18,293,387	0.16	3,047,500	0.19
Exercised	(250,000)	0.15		
Expired	(3,792,700)	0.25	(2,971,720)	0.32
Balance, end of year	21,090,887	0.16	6,840,200	0.22

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

11 - CAPITAL STOCK (continued)

During the year, the Company granted 18,293,387 warrants including 1,392,123 broker warrants (3,047,500 warrants including 50,000 broker warrants in 2009). The fair value of the broker warrants granted of \$0.05 (\$0.05 in 2009) was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	2010	2009
Rate of return of dividends	- %	- %
Expected average volatility	183%	184%
Risk-free average interest rate	1.43%	1.25%
Expected average life	24 months	24 months

During the year, the Company recorded \$167,361 as issuance cost of shareholders' equity instruments (\$2,883 in 2009) when the broker warrants were granted and this amount is recorded in contributed surplus. In addition, 250,000 warrants were exercised for a value of \$0.15 per warrant, of which \$37,500 in cash consideration and \$11,169 in reduction of contributed surplus

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

11 - CAPITAL STOCK (continued)

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiration date	2010		2009	
	Number	Exercise price	Number	Exercise price
		\$		\$
June 30, 2010			917,700	0.10
June 30, 2010			2,875,000	0.30
March 2, 2011	50,000	0.08	50,000	0.08
April 7, 2011	133,200	0.12		
September 2, 2011	1,812,500	0.15	1,812,500	0.15
November 2, 2011	1,185,000	0.30	1,185,000	0.25/0.30
April 7, 2012	2,080,000	0.20/0.25		
May 7, 2012	1,730,000	0.15		
May 7, 2012	170,000	0.10		
May 17, 2012	500,000	0.15		
May 17, 2012	50,000	0.10		
July 19, 2012	400,000	0.15		
September 30, 2012	578,999	0.10		
September 30, 2012	6,324,999	0.15		
October 8, 2012	380,033	0.10		
October 8, 2012	2,645,165	0.15		
October 25, 2012	2,500,000	0.175		
October 28, 2012	471,100	0.15		
October 28, 2012	79,891	0.23		
	21,090,887		6,840,200	

In 2009, the Company extended the 2,875,000 warrants previously issued in June and July 2008 at a price of \$0.30 and expiring June 30, 2009 and July 8, 2009. These warrants were exercisable until June 30, 2010 at the same price of \$0.30 per warrant. An amount of \$131,080 related to the warrants modification, considered an inducement to the holder, was recorded in the deficit and contributed surplus.

The weighted average fair value of \$0.05 was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2009
Rate of return of dividends	- %
Expected average volatility	224%
Risk-free average interest rate	1.21%
Expected average life	12 months

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

11- CAPITAL STOCK (continued)

Stock-based compensation plan

The Company has adopted a stock-based compensation plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants.

In May 2010, the Company's Board of Directors adopted a resolution to modify the plan to increase the maximum number of shares issuable under the plan to 8,300,000.

The exercise price of each option is determined by the members of the Board of Directors and cannot be less than the market value of the common shares the day preceding the award and the term of the options cannot be more than five years. The options are exercisable immediately. However, in accordance with the policy of the Venture Exchange, if the number of shares reserved for the common stock option plan is greater than 10% of outstanding shares, the options granted to directors, officers, employees and consultants must be exercised proportionately over a minimum period of 18 months following the grant date. During the year, the Venture Exchange removed that policy.

The Company's stock options are detailed as follows:

	2010		2009	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning of year	3,325,000	0.19	2,850,000	0.15
Awarded	2,600,000	0.17	750,000	0.31
Exercised	(450,000)	0.10		
Expired	(1,250,000)	0.25	(275,000)	0.15
Balance, end of year	<u>4,225,000</u>	<u>0.16</u>	<u>3,325,000</u>	<u>0.19</u>

During the year, the Company granted 2,600,000 (750,000 in 2009) stock options to consultants. The weighted average fair value of \$0.10 (\$0.09 in 2009) was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2010	2009
Rate of return of dividends	- %	- %
Expected average volatility	153	153%
Risk-free average interest rate	2.06%	2.39%
Expected average life	5 years	5 years

Golden Share Mining Corporation
Notes to Consolidated Financial Statements

December 31, 2010 et 2009

11- CAPITAL STOCK (continued)

During the year, 450,000 warrants were exercised at values ranging from \$0.10 to \$0.11 per warrant, of which \$45,500 in cash consideration and \$38,969 in reduction of contributed surplus.

The table below summarizes the information related to stock options:

			2010
Number of options outstanding	Number of options exercisable	Weighted average exercise price	Remaining average life
			(years)
1,300,000	1,300,000	\$ 0.10	4.57
50,000	50,000	0.115	4.32
300,000	300,000	0.14	4.79
2,050,000	2,050,000	0.15	2.35
150,000	150,000	0.16	4.92
75,000	75,000	0.20	3.71
100,000	100,000	0.22	4.08
100,000	100,000	0.50	4.68
100,000	100,000	1.00	4.68
<u>4,225,000</u>	<u>4,225,000</u>	<u>0.16</u>	<u>3.49</u>
			2009
Number of options outstanding	Number of options exercisable	Weighted average exercise price	Remaining average life
			(years)
200,000	200,000	\$ 0.10	4.50
100,000	100,000	0.11	4.84
2,650,000	2,612,500	0.15	3.33
75,000	37,500	0.20	4.71
100,000	100,000	0.22	4.84
100,000	100,000	0.50	4.75
100,000	100,000	1.00	4.75
<u>3,325,000</u>	<u>3,250,000</u>	<u>0.19</u>	<u>3.61</u>

Golden Share Mining Corporation
Notes to Consolidated Financial Statements

December 31, 2010 et 2009

12 - INCOME TAXES

The Company's effective income tax rate differs from the combined federal and provincial income tax rate in Canada. This difference arises from the following items:

	<u>2010</u>	<u>2009</u>
	\$	\$
Income taxes calculated using the combined federal and provincial income tax rate in Canada of 29,95% (30,90 % in 2009)	(261,120)	(621,765)
Increase in income taxes resulting from the following		
Tax rate variance	24,177	71,707
Change in valuation allowance (a)	79,403	123,778
Non-deductible items	81,673	76,453
	<u>(75,867)</u>	<u>(349,827)</u>

(a) The change in valuation allowance of the future income tax assets of \$51,790 (\$8,052 in 2009) related to the issuance cost of shareholders' equity instruments was applied against the Deficit.

The future income tax asset and liability result from differences between the carrying amount and the tax basis of the following:

	<u>2010</u>	<u>2009</u>
	\$	\$
Future income tax assets		
Non-capital loss	571,685	373,094
Issuance cost of shareholders' equity instruments	102,669	101,756
Exploration plant and equipment	860	518
	<u>674,214</u>	<u>475,368</u>
Future income tax liabilities		
Difference between carrying amount and tax basis of mining properties and deferred exploration expenses	(322,501)	(88,128)
Other	(4,558)	
	<u>347,155</u>	<u>387,240</u>
Less: valuation allowance	<u>(513,875)</u>	<u>(387,240)</u>
	<u>(166,720)</u>	<u>-</u>

Golden Share Mining Corporation
Notes to Consolidated Financial Statements

December 31, 2010 et 2009

12 - INCOME TAXES (continued)

These losses, which are available to reduce income taxes in future years, can be carried over the following years:

	Federal	Provincial
	\$	\$
2026	10,639	10,639
2027	162,402	138,475
2028	847,528	769,725
2029	566,203	501,359
2030	652,225	578,101
	<u>2,238,997</u>	<u>1,998,299</u>

13 - INFORMATION INCLUDED IN CASH FLOWS

The changes in working capital items are detailed as follows:

	2010	2009
	\$	\$
Accounts receivable	(4,934)	132,284
Prepaid expenses	(10,400)	7,636
Accounts payable and accrued liabilities	<u>(80,216)</u>	<u>22,742</u>
	<u>(95,550)</u>	<u>162,662</u>

Additional disclosures regarding cash flows that did not result in a cash outflow:

	2010	2009
	\$	\$
Mining properties		
Issue of shareholders' equity instruments	992,373	123,500
Future income tax liabilities	166,720	
Deferred exploration expenses		
Investments in mining explorations companies	23,463	
Accounts payable and accrued liabilities	45,967	11,307
Issue of shareholders' equity instruments	4,095	
Exploration plant and equipment amortization	1,283	1,283
Issuance cost of shareholders' equity instruments		
Accounts payable and accrued liabilities		3,132
Warrants issued to the broker	167,361	2,883

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

13 - INFORMATION INCLUDED IN CASH FLOWS (continued)

	2010	2009
	\$	\$
Capital-stock		
Warrants issued at the time of issuance of shareholders' equity instruments	928,530	140,064
Exercise of options	38,969	
Exercise of warrants	11,169	

14 – RELATED PARTY TRANSACTIONS

In the normal course of operations

In addition to related party transactions disclosed elsewhere in the financial statements, the Company carried out the following related party transactions:

	2010	2009
	\$	\$
Company controlled by the Vice-president		
Management fees	22,500	43,750
Company controlled by the President		
Deferred exploration expenses		
Geology	128,946	133,500
CFO		
Professional services	52,500	55,480
Rental expenses	3,465	
Administrator		
Investor related fees	23,500	
SearchGold Resources Inc.		
Deferred exploration expenses		
Geology		54,600

These transactions were measured at the exchange amount, which is the amount established and accepted by the parties.

15 - CAPITAL DISCLOSURES

The capital of the Company consists of the items included in shareholders' equity of \$6,711,124 as of December 31, 2010 (\$4,093,304 as of December 31, 2009). The Company's objectives when managing capital are to safeguard its ability to continue its operations as well as its acquisition and exploration programs. As needed, the Company raises funds through private placements. There is no dividend policy. The Company doesn't have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Company closes a flow-through placement in which case the funds are restricted in use for exploration expenses.

December 31, 2010 et 2009

16 - FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk with respect to cash and cash held for exploration work is considered to be negligible because these financials instruments are held by a reputable financial institution with a quality external credit rating.

As a general rule, the carrying amount in the balance sheet of the Company's financial assets exposed to credit risk, after deducting applicable allowances for loss, represents the maximum amount of credit risk to which the Company is exposed.

Price risk

The Company is exposed to price risk with respect to gold prices.

Other price risk is the risk that the fair value or future cash flows of the financial assets will fluctuate because of changes in market prices. The common shares in a quoted company held by the Company are exclusively shares from issuers on the TSX Venture whose activities are in the mineral exploration. As of December 31, 2010, a 10% decrease (increase) in the closing price on the stock market would not have a significant impact on net loss.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalent and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past year, the Company has financed its exploration expenses commitments, its working capital requirements and acquisitions through private and flow-through financings.

The accounts payable and accrued liabilities of \$97,525 are payable 30 days following receipt of the invoices.

December 31, 2010 et 2009

16 - FINANCIAL INSTRUMENTS (continued)

Exchange risk

The Company is exposed to exchange risk as a result of its purchases in Euros. As at December 31 2010, accounts payable and accrued liabilities total 7,879 euros (10,494 \$), and an increase or decrease in the exchange rate of the Euro in relation to the Canadian dollar would not have a significant impact on net loss.

The Company does not enter into arrangements to hedge its foreign exchange risk.

Interest rate risk

The Company is not exposed to a significant interest rate risk since the Company has no credit facility.

Only the interest revenue arising from the balance of operating cash accounts is therefore subject to interest rate fluctuations.

Based on the balances outstanding during the year ended December 31, 2010, a 1% increase (decrease) in the interest rate index would have no significant impact on earnings before income taxes.

Golden Share Mining Corporation
Notes to Consolidated Financial Statements

December 31, 2010 et 2009

16 - FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities by category

The carrying amounts and fair values of financial instruments are as follows:

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets held for trading				
Cash	449,515	449,515	11,455	11,455
Cash held for exploration work	526,260	526,260	204,014	204,014
Loans and receivables				
Advance to an employee	1,250	1,250	2,250	2,250
Advance to a shareholder company	19,708	19,708		
Available-for-sale financial assets				
Common shares in a quoted company	60,000	60,000		
Financial liabilities				
Accounts payable and accrued liabilities	97,525	97,525	132,094	132,094
Due to a shareholder company			64,525	64,525

Fair value

- The fair value of the advance to an employee and accounts payable and accrued liabilities is comparable to their carrying amount given that they will mature shortly;
- The fair value of the due to a shareholder company is equivalent to its carrying amount.

December 31, 2010 et 2009

16 - FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

Financial instruments recorded at fair value on the Consolidated Balance Sheet must be classified by fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy levels are as follows:

- Level 1 – quoted price (unadjusted) observed 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 either directly or indirectly observable;
- Level 3 – valuation techniques with significant unobservable market inputs.

Common shares in quoted company are classified under level 1, that is valuation based on active market price in determining fair value.

17 – CONTINGENCIES

Flow-through financing

The Company is partially financed through the issuance of flow-through shares. However, there is no guarantee that its expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work no later than the first of the following dates:

- Two years following the flow-through investment;
- One year after the Company has renounced the tax deductions relating to the exploration work.

Commitments to carry out exploration work that are not respected are subject to a combined tax of 20% (Canada and Quebec).

Additionally, the balance of unfulfilled exploration commitments is subject to a monthly tax calculated at the prescribed rate of the Canada Revenue Agency from the second month following renunciation of the tax deductions.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

17 – CONTINGENCIES (Continued)

During the year, the Company received \$899,320 (\$282,030 in 2009) following a flow-through investment. Subsequent to year-end, the Company renounced all tax deductions. According to the tax rules, the Company has until December 31, 2011 to fulfill its commitments. The future income tax liability relating to these amounts aggregate to \$241,108 (\$75,867 in 2009) and will be recorded in accordance with EIC-146 at the time of renunciation.

18 – COMMITMENTS

The Company has entered into option agreements on its mining properties, which may require future cash payments, issuance of shares and exploration works in order to acquire interest in certain properties.

The following is a schedule of future obligations required annually:

	Cash payment	Issuance of shares	Exploration works
	\$		\$
2011			
Elwood	10,000	150,000	
Pistol Lake (a)	50,000	75,000	
Berens River	60,000	200,000	
	<u>110,000</u>	<u>425,000</u>	
2012			
Pistol Lake (a)	50,000		85,631
Berens River	50,000	100,000	
	<u>100,000</u>	<u>100,000</u>	<u>85,631</u>
2013			
Berens River	50,000	100,000	
2014			
Berens River	100,000	200,000	
2015			
Berens River	200,000	200,000	

(a) Up to fifty percent (50%) of cash requirements can be made by issuance of common shares of the Company.

Golden Share Mining Corporation

Notes to Consolidated Financial Statements

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December 31, 2010 et 2009

18 – COMMITMENTS (Continued)

As at December 31, 2010, the Company has to incur an amount of \$526,260 in exploration expenses by December 31, 2011 to fulfil its flow-through commitments. These expenses will be covered by the cash reserved for exploration expenses

19 – ACCUMULATED OTHER COMPREHENSIVE LOSS

	2010	2009
	\$	\$
Balance, beginning of year		
Changes during the year		
Change in fair value of an investment in a mining exploration company	34,000	
Balance, end of year	34,000	

20 – SUBSEQUENT EVENTS

Financings

In April 2011, the Company completed a private placement for \$3,400,000. The Company issued 17,000,000 common shares of the Company at a price of \$0.20 per share and 17,000,000 warrants of the Company. Each warrant entitles the holder to subscribe to one common shares of the Company at a price of \$0.32 per share, valid for 24 months following the issue. Also, the Company issued 1,020,000 broker warrants. Each warrant entitles the holder to subscribe to one unit each unit including 1 common share of the Company at a price of \$0.32 per share and one warrant of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.32 per share, valid for 18 months following the issue.

The Company also completed a flow-through placement for \$200,200. The Company issued 910,000 flow-through shares of the Company at a price of \$0.22 per share and 455,000 warrants of the Company. Each warrant entitles the holder to subscribe to one common shares of the Company at a price of \$0.32 per share, valid for 18 months following the issue. Also, the Company issued 54,600 broker warrants. Each broker warrant entitles the holder to subscribe to one unit each unit including one common share of the Company at a price of \$0.22 per share and ½ warrant of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.32 per share, valid for 18 months following the issue.

December 31, 2010 et 2009

20 – SUBSEQUENT EVENTS (continued)

Mining properties

Conacher

In March 2011, the Company entered into an option agreement to acquire, over a two-year period, a 100% interest in the gold mining property Conacher composed of 9 claims located in north-western Ontario, at the following conditions:

- By paying a total of \$48,500; as \$8,500 upon signature, \$15,000 on the first anniversary date and \$25,000 on the second anniversary date;
- By issuing a total of 200,000 common shares of the Company, as 100,000 shares upon signature, 50,000 shares on the first anniversary date and 50,000 shares on the second anniversary.

Following the acquisition of a 100% interest, the vendor will retain a 1% Net Smelter Return on the Property.

Band Ore

The Company signed a letter of intent dated March 25th (the "LOI"), 2011 to acquire Lake Shore Gold Corp.'s 100% interest in the Band Ore gold property, located in the Shebandowan belt of northwestern Ontario. Under the terms of the LOI, and if the Band Ore transaction is successfully completed, Lake Shore Gold would in return obtain a 19.99% interest in the Company, which may be increased to as much as 30% under certain conditions, and thereby become the Company's single largest shareholder.

Warrants and stock-options

During the months of January until April 2011, 1,384,999 warrants, 456,239 broker warrants and 400,000 stock options were exercised at values ranging from \$0.08 to \$0.20 for a total of \$345,640 in cash.

Corporate Information

Corporate Officers and Board of Directors

Philippe Giaro, B.Sc., P. Geo.
President and CEO, Director

Isabelle Gauthier, C.A.
CFO

Laurence Huss, M.Sc. Geology
Vice president - Exploration

Florent Baril, B.Sc., Metallurgical Engineering
Director

Roy Corrans, B.Sc. Geology, P. Geo.
Director

Christian Guilbaud
Director

Transfer Agent

Computershare Investor Services Inc.
www.computershare.com

Legal Counsel

BCF LLP

Auditors

Raymond Chabot Grant Thornton

Stock Exchange Listings

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