

# **NUBIAN RESOURCES LTD.**

**Condensed Consolidated Interim Financial Report  
For the three months ended October 31, 2011 and 2010  
(Unaudited)  
(Expressed in Canadian Dollars)**

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For the three months ended October 31, 2011  
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**Notice of No Auditor Review of Interim Financial Information**

Pursuant to subsection 4.3(3)(a) of Part 4 of National Instrument 51-102 Continuous Disclosure Obligations, if an auditor has not performed a review of an interim financial report, it must be accompanied by a notice indicating that the financial report has not been so reviewed.

The accompanying unaudited condensed consolidated interim financial report of Nubian Resources Ltd. (the "Company") for the period ending October 31, 2011 has been prepared by and is the responsibility of the Company's management.

The Company's independent auditors have not performed a review of this financial report.

"Larry G. Treadgold"  
(signed)

Director & Chief Executive Officer

Date: January 23, 2012

# **NUBIAN RESOURCES LTD.**

## **Condensed Consolidated Interim Financial Report For the three months ended October 31, 2011 (Expressed in Canadian dollars) (Unaudited)**

### **Table of Contents**

#### **FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION .....	4
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS.....	5
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY .....	6
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS .....	7

#### **NOTES TO THE FINANCIAL STATEMENTS**

1. NATURE OF OPERATIONS AND GOING CONCERN .....	8
2. BASIS OF PRESENTATION.....	8
3. SIGNIFICANT ACCOUNTING POLICIES .....	10
4. EXPLORATION AND EVALUATION ASSETS .....	16
5. DISCONTINUED OPERATIONS .....	17
6. LOAN PAYABLE .....	17
7. CONVERTIBLE NOTES.....	18
8. SHARE CAPITAL .....	18
9. RELATED PARTY BALANCES AND TRANSACTIONS .....	20
10. CAPITAL MANAGEMENT .....	21
11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT .....	21
12. FIRST TIME ADOPTION OF IFRS.....	23
13. SUBSEQUENT EVENT.....	25

**NUBIAN RESOURCES LTD.****Condensed Consolidated Interim Statements of Financial Position**

(Expressed in Canadian dollars)

(Unaudited)

<i>As at</i>	<b>October 31, 2011</b>	<b>July 31, 2011 (Note 12)</b>	<b>August 1, 2010 (Note 12)</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 27,094	\$ 83,053	\$ 1,733
HST receivable	5,277	1,896	1,134
Prepaid expenses	3,107	5,228	5,957
Proceeds receivable (Note 5)	840,000	743,000	--
<b>Total Current Assets</b>	<b>875,478</b>	<b>833,177</b>	<b>8,824</b>
<b>Non-current Assets</b>			
Proceeds receivable (Note 5)	276,304	366,269	--
Assets held for sale	--	--	1,543,135
Office equipment	5,153	5,480	7,980
Exploration and evaluation assets (Note 4)	324,998	57,124	--
<b>Total ASSETS</b>	<b>\$ 1,481,933</b>	<b>\$ 1,262,050</b>	<b>\$ 1,559,939</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 580	\$ 11,418	\$ --
Accrued liabilities	38,315	60,000	42,950
Accounts payable on assets held for sale	39,281	39,281	157,820
Deferred revenue	16,296	--	--
Loan payable (Note 6)	51,835	--	--
Due to related party (Note 9)	59,977	56,277	100,000
<b>Total Current Liabilities</b>	<b>206,284</b>	<b>166,976</b>	<b>300,770</b>
<b>Long-term Liabilities</b>			
Loan payable (Note 6)	107,637	--	--
Convertible notes (Note 7)	110,139	--	--
<b>Total Liabilities</b>	<b>424,060</b>	<b>166,976</b>	<b>300,770</b>
<b>SHAREHOLDERS' EQUITY</b>			
Equity portion of convertible notes (Note 7)	19,861	--	--
Share capital (Note 8)	13,419,903	13,419,903	13,172,324
Share-based payments reserve	1,881,249	1,869,697	1,809,657
Deficit	(14,263,140)	(14,194,526)	(13,722,812)
<b>Total Equity</b>	<b>1,057,873</b>	<b>1,095,074</b>	<b>1,259,169</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,481,933</b>	<b>\$ 1,262,050</b>	<b>\$ 1,559,939</b>

*Nature of operations and going concern (Note 1)**Subsequent event (Note 13)***These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 23, 2012. They are signed on the Company's behalf by:**Larry G. Treadgold  
DirectorDavid A. Fynn, CA  
Director

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

**NUBIAN RESOURCES LTD.****Condensed Consolidated Interim Statements of Operations and  
Comprehensive Loss**

(Expressed in Canadian dollars)

(Unaudited)

	<b>Three months ended October 31</b>	
	<b>2011</b>	<b>2010</b>
		<b>(Note 12)</b>
<b>Expenses</b>		
Amortization	\$ 326	\$ 617
Filing fees	9,530	784
Foreign currency translation	512	-
Insurance	2,121	2,313
Interest and bank charges	1,544	1,926
Investor relations and promotion	6,033	12,669
Management and consulting fees	31,750	11,628
Office	964	880
Professional fees	20,084	9,621
Property investigation costs	3,979	-
Rent and utilities	3,316	9,231
Salaries and benefits	18,696	12,492
Share-based payments	11,552	60,040
Telecommunications	2,752	2,031
Travel and accommodation	2,627	7,102
<b>Net Loss From Continuing Operations</b>	<b>(115,786)</b>	<b>(131,334)</b>
<b>Income From Discontinued Operations (Note 5)</b>	<b>47,172</b>	<b>18,879</b>
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ (68,614)</b>	<b>\$ (112,455)</b>
<b>Loss per Share, Basic and Diluted Before Discontinued Operations</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Loss per Share, Basic and Diluted After Discontinued Operations</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Common shares Outstanding, Basic and Diluted</b>	<b>7,177,773</b>	<b>6,552,774</b>

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

**NUBIAN RESOURCES LTD.**  
**Condensed Consolidated Interim Statements of Changes in Equity**

(Expressed in Canadian dollars)  
(Unaudited)

	Share Capital		Equity Portion of Convertible Notes	Share-Based payments reserve	Deficit	Total
	Number	Amount				
Balance, July 31, 2011	7,177,773	\$ 13,419,903	\$ -	\$ 1,869,697	\$ (14,194,526)	\$ 1,095,074
Issuance of convertible notes	-	-	19,861	-	-	19,861
Share-based payments	-	-	-	11,552	-	11,552
Net loss for the period					(68,614)	(68,614)
<b>Balance, October 31, 2011</b>	<b>7,177,773</b>	<b>\$ 13,419,903</b>	<b>\$ 19,861</b>	<b>1,881,249</b>	<b>\$ (14,263,140)</b>	<b>\$ 1,057,873</b>
Balance, July 31, 2010	6,552,773	\$ 13,172,324	\$ -	\$ 1,809,657	\$ (13,722,812)	\$ 1,259,169
Share-based payments	-	-	-	60,040	-	60,040
Net loss for the period	-	-	-	-	(112,455)	(112,455)
<b>Balance, October 31, 2010</b>	<b>6,552,773</b>	<b>\$ 13,172,324</b>	<b>-</b>	<b>\$ 1,869,697</b>	<b>\$ (13,835,267)</b>	<b>\$ 1,206,754</b>

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

**NUBIAN RESOURCES LTD.****Condensed Consolidated Interim Statements of Cash Flows**

(Expressed in Canadian dollars)

(Unaudited)

	<b>Three months ended October 31</b>	
	<b>2011</b>	<b>2010</b>
		<b>(Note 12)</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss for the period	\$ (115,786)	\$ (131,334)
Items not involving cash		
Amortization	326	617
Share-based payments	11,552	60,040
Income from discontinued operations	47,172	18,879
Items not affecting cash in income from discontinued operations	(49,883)	(18,879)
	(106,619)	(70,677)
Changes in non-cash operating assets and liabilities		
HST receivable	(3,381)	(4,491)
Prepaid Expenses	2,121	2,313
Accounts payable	(10,838)	--
Accrued liabilities	(21,685)	(7,950)
Accounts payable on discontinued operations	--	2,502
Deferred revenue	16,296	--
Cash provided by (used in) operating activities	(124,106)	(78,303)
<b>Investing activities</b>		
Exploration and evaluation assets		
Acquisition costs	(267,874)	(53,836)
Discontinued operations	42,849	222,224
Office equipment acquisitions	--	(731)
Cash provided by (used in) investing activities	(225,025)	167,657
<b>Financing activities</b>		
Loan payable	159,472	--
Convertible notes	130,000	--
Due from (repayments to) related parties, net	3,700	(22,524)
Cash provided by (used in) financing activities	293,172	(22,524)
<b>Decrease (Increase) in cash during the period</b>	<b>(55,959)</b>	<b>66,830</b>
<b>Cash, beginning of period</b>	<b>83,053</b>	<b>1,733</b>
<b>Cash, end of period</b>	<b>\$ 27,094</b>	<b>\$ 68,563</b>
<b>Supplemental information</b>		
Interest paid	\$ 666	\$ 1,125
Income taxes paid	\$ --	\$ --

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

# **NUBIAN RESOURCES LTD.**

## **Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010**

(Expressed in Canadian Dollars)

(Unaudited)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Nubian Resources Ltd., a public company incorporated on October 28, 2004 under the laws of the Province of British Columbia, Canada, is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “NBR”. The Company is in the business of exploring mineral properties, primarily in the United States. The Company’s head office, principal address and registered and records office is 202 – 2526 Yale Court Road, Abbotsford, B.C., Canada, V2S 8G9.

The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. As at October 31, 2011, the Company has an accumulated deficit of \$14,263,140. The Company’s operations are funded from equity and convertible debt financing which is dependent upon many external factors and may be difficult or impossible to secure or raise when required. The Company may not have sufficient cash to fund the exploration and development of its mineral properties to commercial production and therefore may require additional funding, which if not raised, may result in the delay, postponement or curtailment of some of its activities. Management continues to evaluate the need for additional financing and is of the opinion that additional financing will be available to continue its planned activities in the normal course. Nonetheless, these factors cast significant doubt that the Company will be able to raise sufficient funds in the future to complete its planned activities.

### **2. BASIS OF PRESENTATION**

#### **(a) Statement of compliance and conversion to International Financial Reporting Standards**

The Canadian Accounting Standards Board (“AcSB”) confirmed in February 2008 that International Financial Reporting Standards (“IFRS”) will replace Canadian Generally Accepted Accounting Principles (“GAAP”) for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Company’s IFRS transition date is August 1, 2010. These are the Company’s first IFRS condensed consolidated interim financial statements for part of the period covered by the Company’s first IFRS consolidated annual financial statements for the year ending July 31, 2012. Previously, the Company prepared its consolidated annual and condensed consolidated interim financial statements in accordance with GAAP. GAAP differs in some areas from IFRS. In preparing these financial statements, management has amended certain accounting and measurement methods previously applied in the GAAP financial statements to comply with IFRS. Note 10 contains reconciliations and descriptions of the effect of the transition from GAAP to IFRS on equity, operations and comprehensive loss along with line-by-line reconciliations of the statements of financial position as at August 1, 2010, October 31, 2010 and July 31, 2011 and the statements of operations and comprehensive loss and cash flows for the three months ended October 31, 2010 and for the year ended July 31, 2011.

As these are the Company’s first set of condensed consolidated interim financial statements in accordance with IFRS, the Company’s disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company’s accounting policies in accordance with IFRS and some additional disclosures required under IFRS, which also highlight the changes from the Company’s 2011 annual consolidated financial statements prepared in accordance with GAAP. In 2013 and beyond, the Company may not provide the same amount of disclosure in the Company’s condensed consolidated interim financial statements under IFRS as the reader will be able to rely on the annual consolidated financial statements, which will be prepared in accordance with IFRS.

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. BASIS OF PRESENTATION (continued)

#### (b) Basis of preparation

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

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are expected to be effective or available for early adoption on July 31, 2012, the Company's first IFRS annual reporting date.

The standards that will be effective or available for voluntary early adoptions in the consolidated annual financial statements for the year ending July 31, 2012 are subject to change and may be affected by additional interpretation(s). Accordingly, the accounting policies for the annual period that are relevant to these condensed consolidated interim financial statements will be determined only when the first IFRS financial statements are prepared for the year ending July 31, 2012.

The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these consolidated interim financial statements. They also have been applied in preparing an opening IFRS statement of financial position at August 1, 2010 for the purpose of the transition to IFRS, as required by IFRS 1, *First Time Adoption of International Financial Reporting Standards* (IFRS 1). The impact of the transition from GAAP to IFRS is explained in Note 10.

#### (c) Foreign Currencies

The presentation currency of the Company and the functional currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses arising on translation are included in comprehensive loss.

## **NUBIAN RESOURCES LTD.**

# **Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010**

(Expressed in Canadian Dollars)

(Unaudited)

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## **2. BASIS OF PRESENTATION (continued)**

### **(d) Significant Accounting Judgments and Estimates**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of proceeds receivable which are included in the condensed consolidated interim statement of financial position;
- the carrying value and recoverable amount of exploration and evaluation assets, and
- the inputs used in accounting for share-based compensation expense in the condensed consolidated interim statements of operations and comprehensive loss.
- The inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income; and
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that exist during the period.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below are expected to be adopted for the year ending July 31, 2012 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS balance sheet at August 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

### **(a) Basis of Consolidation**

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Nubian Resources (USA) Ltd., an exploration company operating in Nevada, Idaho, Montana and New Mexico. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control, and will continue to be consolidated until that date that such control ceases.

Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated interim financial statements.

### **(b) Financial Instruments**

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company does not have any derivative financial instruments.

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (b) Financial Instruments (continued)

###### *Financial assets*

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

*Available-for-sale financial assets* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

Transactions costs associated with Fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

###### *Financial liabilities*

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the income statement.

*Other financial liabilities:* This category includes convertible notes, loan payables, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

# **NUBIAN RESOURCES LTD.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

### **For the three months ended October 31, 2011 and 2010**

(Expressed in Canadian Dollars)

(Unaudited)

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(c) Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

##### **(d) Exploration and Evaluation Assets**

Exploration and evaluation acquisition costs are capitalized at cost. Costs incurred before the Company has obtained the legal rights to explore an area are expensed. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

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

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

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

##### **(e) Office Equipment**

Office equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Office equipment is depreciated annually on a declining-balance basis at a rate of 20%.

The Company compares the carrying value of equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

# **NUBIAN RESOURCES LTD.**

## **Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010**

(Expressed in Canadian Dollars)

(Unaudited)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(f) Impairment**

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **(g) Share Capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

#### **(h) Share-based Payment Transactions**

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of the options granted is measured at grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date the goods and services are received.

Warrants issued are recorded at estimated fair values determined on the grant date using the Black-Scholes model. If and when the stock options or warrants are ultimately exercised, the applicable amounts of their fair values in the reserves account are transferred to share capital.

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Income Taxes

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

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

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### (j) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense. There are no provisions in these financials statements.

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Decommissioning Liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

#### (l) Loss per Share

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

#### (m) Amendments to Other Standards

There have been amendments to existing standards, including IAS 27, *Separate Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, 11, 12 and 13. There has been no impact on the Company's condensed interim financial statements related to these amendments.

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

### 4. EXPLORATION AND EVALUATION ASSETS

#### U.S. Properties purchased from Timber Wolf Minerals Ltd.

	August 1, 2010	Costs for the year	July 31, 2011	Costs for the period	October 31, 2011
<b>Acquisition costs</b>	\$ -	\$ 37,990	\$ 37,990	\$ 264,132	\$ 302,122
<b>Exploration costs</b>					
Assaying and sampling	-	21,086	21,086	-	21,086
Claim staking	-	12,039	12,039	-	12,039
Geological consulting	-	18,435	18,435	3,742	22,177
Licences, permits and fees	-	9,723	9,723	-	9,723
Office and administration	-	4,151	4,151	-	4,151
	-	65,434	65,434	3,742	69,176
	-	103,424	103,424	267,874	371,298
Option fees received, net	-	(46,300)	(46,300)	-	(46,300)
<b>Total expenditures</b>	\$ -	\$ 57,124	\$ 57,124	\$ 267,874	\$ 324,998
<b>Analysed by property</b>					
Excelsior Springs, Nevada	-	39,008	39,008	134,245	173,253
Worthing Canyon, Idaho	-	18,116	18,116	34,130	52,246
Other	-	-	-	99,499	99,499
<b>Total expenditures</b>	\$ -	\$ 57,124	\$ 57,124	\$ 267,874	\$ 324,998

#### (a) Excelsior Springs Property, Esmeralda County, Nevada

Effective August 29, 2010, the Company signed a lease agreement with Timber Wolf Minerals Ltd. To acquire lease rights over 100% of the Excelsior Springs gold property. Under the agreement, the Company will pay for all government fees, and make lease payments to the lessor of USD \$20,000 in year 1, USD \$25,000 in year 2, and USD \$30,000 in year 3 and each successive year for the length of the lease to Timber Wolf Minerals Ltd., and assume responsibility to pay \$12,000 per annum pursuant to the lease on two patented claims within the Excelsior property. Furthermore, a 1% Net Smelter Royalty (NRS) will be payable, to Timber Wolf Minerals Ltd. And a 2% NSR will be payable on the patented claims, upon gold production. The 1% NSR obligation can be bought out for USD \$300,000 on or before August 30, 2015.

On March 28, 2011, the Company sold an option to earn a 70% interest in the property to a wholly-owned subsidiary of Global Geoscience Ltd. (Global), a public company listed on the Australian Securities Exchange.

To earn the 70% interest Global will be required to assume the responsibilities for the underlying lease agreements and pay the Company USD \$100,000 cash and spend USD \$3,000,000 on exploration over four years. Global will solely fund and manage all exploration and property related costs on the property during the option phase. The Company received USD \$50,000 upon signing and will receive a further USD \$50,000 once Global exercises its option interest in the property within the four year period. A finder's fee of 5% is payable to a unrelated third party on the receipt of option payments, and upon certified exploration costs carried out by Global under the option agreement. The minimum exploration expenditure commitment required in the first year is USD \$150,000 and assuming results are satisfactory an additional amount of USD \$350,000 must be spent on exploration by July 31, 2012, a further USD \$500,000 December 31, 2013, and a further USD \$2,000,000 by December 31, 2014.

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

### 4. EXPLORATION AND EVALUATION ASSETS (continued)

#### (b) Worthing Canyon Property, Lemhi County, Idaho

On June 30, 2011, the Company signed a lease agreement with Timber Wolf Minerals Ltd. to acquire a 100% interest in the Worthing Canyon lead-zinc-silver prospect area comprising 4 mining claims.

The Company has staked 14 additional mining claims, bringing the total holdings to 18 contiguous claims (approximately 372 acres).

#### (c) Purchase of Excelsior Springs, Worthing Canyon and Other Properties

On October 31, 2011, the Company purchased 217 unpatented mining claims on nine properties in Nevada, Idaho, Montana and New Mexico, USA for total consideration of USD \$260,000 of which USD \$100,000 was paid on closing, and the balance is payable in monthly installments over 36 months, including interest at 2.5% per annum (see Note 6). These properties include the Excelsior Springs and Worthing Canyon properties described above. To fund the closing costs, the Company has issued convertible notes totaling \$130,000 to its directors and officers (see Note 7).

### 5. DISCONTINUED OPERATIONS

Pursuant to IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", the financial statements of the Company have been reclassified to reflect discontinued operations of the Company's mineral interests in Zambia and the Democratic Republic of Congo ("DRC"). Accordingly, assets, liabilities, net loss and cash flows of discontinued operations have been segregated in the Consolidated Balance Sheets, the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows. The net assets, net operating results and net cash flows have been reported as "discontinued operations".

On September 21, 2010, the Company entered into an agreement to sell the mining equipment, previously classified as assets held for sale at August 1, 2010, for USD \$1,500,000. At October 31, 2011, there was \$1,116,304 (USD \$1,120,000) outstanding on the proceeds receivable.

As of July 31, 2011 the Company has written off all its properties in Zambia and the DRC, due to political uncertainties.

### 6. LOAN PAYABLE

	October 31, 2011	July 31, 2011	August 1, 2010
Unsecured loan payable in US dollars, interest at 2.5% per annum, monthly blended payments of USD \$4,618 until October 31, 2014.	\$ 159,472	\$ -	\$ -
Less: current portion	(51,835)	-	-
	<u>\$ 107,637</u>	<u>\$ -</u>	<u>\$ -</u>

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

### 7. CONVERTIBLE NOTES

	October 31, 2011	July 31, 2011	August 1, 2010
Convertible notes issued	\$ 130,000	\$ -	\$ -
Equity portion of convertible notes	(19,861)	-	-
Debt portion of convertible notes	\$ 110,139	\$ -	\$ -

On October 31, 2011, the Company issued convertible promissory notes to directors' and officers' in the amount of \$130,000, which are due and payable on October 31, 2013. The notes are convertible at the option of the holder into common shares of the Company at \$0.18 per share.

Interest on the notes is calculated at 10% per annum. The interest is compounded and payable annually in Canadian dollars.

The liability component of the convertible debt is calculated as the present value of the principal, discounted at a rate approximating the interest rate that was estimated would have been applicable to non-convertible debt at the time the debt was issued. This portion of the convertible debt is accreted over its term to the full face value by charges to interest expense. The accretion is a non-cash transaction and has been excluded from the statement of cash flows.

The equity element of the convertible debt comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component.

### 8. SHARE CAPITAL

#### (a) Authorized

Unlimited number of Class "A" voting Common shares without par value

Unlimited number of Preferred shares without par value (none issued)

#### (b) Issued

There were no shares issued in the period ended 31, October 2011.

#### (c) Share Purchase Warrants

There were no changes in share purchase warrants for the period ended October 31, 2011. The Company had outstanding share purchase warrants as at October 31, 2011 and July 31, 2011 with a weighted average exercise price of \$0.71.

NUMBER OF WARRANTS	EXERCISE PRICES	EXPIRY DATE
200,000	\$ 0.60 - \$ 1.00	October 8, 2012
210,000	\$ 0.60 - \$ 1.00	October 28, 2012
200,000	\$ 0.60 - \$ 1.00	December 1, 2012
625,000	\$ 0.50 - \$ 0.75	December 8, 2013
<u>1,235,000</u>		

## NUBIAN RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

#### 8. SHARE CAPITAL (continued)

##### d) Stock Options

The Company has a stock option plan that provides for the issuance of compensatory options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time. Options granted under the plan may have a maximum term of ten years. Terms of the vesting period over which the options are earned is determined by the Board of Directors.

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, August 1, 2010	330,000	\$ 0.50
Expired	(20,000)	\$ 0.50
Granted	220,000	\$ 0.50
Balance, July 31, 2011	530,000	\$ 0.50
Granted	50,000	\$ 0.50
Balance, October 31, 2011	580,000	\$ 0.50

On August 1, 2011, 50,000 stock options, with an exercise price of \$0.50 were issued to a new director. These options have a 10 year life and were fully vested on issuance.

Share based payment expense in the amount of \$11,552 was recorded based on the stock options granted during the year. The fair value of the options granted was estimated using the following assumptions: Exercise Price – \$0.50; Expected Life – Ten Years; Volatility – 246%; Risk-Free Interest Rate – 1.5%; and Dividend Yield – \$Nil.

The Company had outstanding stock options as of October 31, 2011 as follows:

NUMBER OF OPTIONS	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICE	EXPIRY DATE
130,000	130,000	\$ 0.50	May 8, 2012
105,000	105,000	\$ 0.50	May 20, 2014
75,000	75,000	\$ 0.50	January 6, 2015
220,000	220,000	\$ 0.50	August 27, 2020
50,000	50,000	\$ 0.50	August 4, 2021
580,000	580,000		

As of October 31, 2011 the weighted average remaining contractual life of the options was 5.1 years (July 31, 2011 – 5.0 years).

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

### 9. RELATED PARTY BALANCES AND TRANSACTIONS

The following Director transactions and Related Party balances pertain solely to Nubian Resources Ltd.

#### (a) Director transactions

For the three months ended October 31, 2011

	Short-term employee benefits	Management & consulting fees	Stock-based compensation	Reimbursement of vehicle expenses	Interest paid on related party loan	Total
	\$	\$	\$	\$	\$	\$
<u>Executive Directors</u>						
Larry G. Treadgold, CEO	-	(i) 7,500	-	-	-	7,500
Graham A Chisholm, Former CEO	7,000	-	-	-	(ii) 666	7,666
D.A. Fynn, CA, CFO	-	(iii) 7,500	-	-	-	7,500
<u>Non-executive Directors</u>						
Markus Janser	-	(v) 10,750	-	-	-	10,750
Larry G. Treadgold	-	3,000	-	-	-	3,000
Dr Chris JV Wheatley	-	(iv) 3,000	11,552	-	-	14,552

For the three months ended October 31, 2010

	Short-term employee benefits	Management & consulting fees	Stock-based compensation	Reimbursement of vehicle expenses	Interest paid on related party loan	Total
	\$	\$	\$	\$	\$	\$
<u>Executive Directors</u>						
Graham A Chisholm, Former CEO	14,000	-	16,375	1,248	(ii) 1,125	32,748
D.A. Fynn, CA, CFO	-	(iii) 6,375	9,552	-	-	15,927
<u>Non-executive Directors</u>						
Markus Janser	-	-	15,010	-	-	15,010
Larry G. Treadgold	-	-	13,645	-	-	13,645

(i) Larry G Treadgold was appointed CEO on the resignation of Graham A. Chisholm on August 31, 2011.

(ii) Paid to D.A. Fynn & Associates Inc., a private company controlled by the Chief Financial Officer, David A. Fynn.

(iii) Paid to Industrial Copper Systems Ltd., a private company controlled by the former Chief Executive Officer, Graham A. Chisholm.

(iv) Dr Chris JV Wheatley was appointed a director on August 1, 2011 and was granted 50,000 stock options. (See Note 6 in these financial statements).

(v) Paid to K R Consulting Ltd., a private company controlled by Markus Janser.

#### (b) Related party balances

At October 31, 2011 and 2010, the following loans were payable to Industrial Copper Systems Ltd., a private company controlled by the former CEO and director:

	October 31, 2011	October 31, 2010
Unsecured 4.5% interest-bearing loan with no fixed terms or repayment.	<u>\$ 59,977</u>	<u>\$ 77,477</u>

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

### 10. CAPITAL MANAGEMENT

The Company manages capital with the goal to safeguard the Company's ability to continue as a going concern and ensure its ability to further explore and develop its mineral property holdings in the USA and dispose of its holdings in Africa. The Company includes cash and the components of shareholders' equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties.

To ensure continued operations, the Company depends on external financing to fund its activities. The Company defines capital that it manages as share capital, and cash and cash equivalents.

In the past, the Company has been successful in raising funds through the issuance of share capital. It is uncertain, however, how successful the Company will be in raising more funds in the current difficult market conditions.

### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these consolidated financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at October 31, 2011, the classification of the financial instruments, and as their carrying values and fair values, are shown in the table below:

	LEVEL	Held for trading	Loans and receivables/ amortized cost	Fair value/ amortized cost
<b>Financial assets</b>				
Cash	1	\$ 27,094	\$ -	\$ 27,094
Proceeds receivable	2	-	1,116,304	1,116,304
<b>Total Financial Assets</b>		<b>\$ 27,094</b>	<b>\$ 1,116,304</b>	<b>\$ 1,143,398</b>
<b>Financial liabilities</b>				
Accounts payable	3	-	580	580
Accrued liabilities	3	-	38,315	38,315
Accounts payable on assets held for sale	3	-	39,281	39,281
Deferred revenue	3	-	16,296	16,296
Accounts payable, related parties	3	-	56,277	56,277
Loan payable	2	-	159,472	159,472
Convertible notes	2	-	110,139	110,139
<b>Total Financial Liabilities</b>		<b>\$ -</b>	<b>\$ 420,360</b>	<b>\$ 420,360</b>

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

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### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgement is required to develop certain of these estimates. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments are described below:

The Company is exposed to potential loss from various risks including commodity price risk, interest rate risk, currency risk, credit risk and liquidity risk. Based on the Company's operations the liquidity risk, commodity risk and currency risk are considered the most significant.

The carrying values of the Company's accounts payable and accrued liabilities were a reasonable approximation of fair value.

Financial instruments measured at fair value on the balance sheet were made using inputs within the following fair value hierarchy that reflect their significance:

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

There were no significant transfers from Level 1 to Level 2 during the periods ended October 31, 2011 and July 31, 2011. There have been no transfers in or out of Level 3 for the periods ended October 31, 2011, July 31, 2011 and August 1, 2010.

#### a) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including copper and gold, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

#### b) Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, United States of America and Zambia and a portion of its expenses are incurred in United States dollars ("USD"). A significant change in the currency exchange rates between the Canadian dollar and the US dollar could have an effect on the Company's results of operations, financial position or cash flows.

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

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### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### b) Currency Risk (continued)

The Company has not hedged its exposure to currency fluctuations. At October 31, 2011, the Company was exposed to currency risk through the following assets and liabilities denominated in USD.

	October 31,	July 31,	August 1,
	2011	2011	2010
<b>USD</b>			
Cash	\$ 14,659	\$ 81,314	\$ 10
Proceeds receivable	\$ 1,120,000	\$ 1,163,000	\$ -
Accounts payable and accrued liabilities	\$ (36,553)	\$ (36,553)	\$ (45,662)
Loan payable	\$ (159,472)	\$ -	\$ -

Based on the above net exposures at October 31, 2011, and assuming that all other variables remain constant a 10% appreciation or depreciation of the Canadian dollar against the USD would result in an increase/decrease of \$93,863 in the Company's loss from operations.

#### c) Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes the company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year.

### 12. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied in preparing the condensed consolidated interim financial statements for the three months ended October 31, 2011, the comparative information for the three months ended October 31, 2010, the statement of financial position as at July 31, 2011 and the preparation of an opening IFRS statement of financial position on the transition date, August 1, 2010.

In preparing its opening IFRS statement of financial position and comparative information for the financial statements for the year ended July 31, 2011, the Company was not required to make any adjustments amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

# NUBIAN RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Unaudited)

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### 12. FIRST TIME ADOPTION OF IFRS (continued)

The guidance for the first time adoption of IFRS is set out in IFRS 1 *'First-time Adoption of International Financial Reporting Standards'*. Under IFRS 1 the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated August 1, 2010:

#### **(a) Business Combinations**

IFRS1 indicates that a first-time adopter may elect not to apply IFRS 3 *'Business Combinations'* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and will apply IFRS 3 to business combinations that occur on or after August 1, 2010. There is no adjustment required to the August 1, 2010 statement of financial position on the transition date.

#### **(b) Share-based Payments**

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to August 1, 2010.

#### **(c) IAS 27 – Consolidated and Separate Financial Statements**

In accordance with IFRS 1, if a company elects to apply IFRS 3 *'Business Combinations'* retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively.

#### **(d) Office Equipment**

IFRS 1 provides a choice between measuring office equipment at its fair value at the date of transition and using those amounts as the deemed cost or using the historical cost valuation under previous GAAP. The company has chosen to continue to apply the cost model and has not restated office equipment under IFRS.

#### **(e) Decommissioning Liabilities**

The company has elected to apply the exemption from full retrospective application of decommissioning provisions as allowed under IFRS 1. As a result, the Company has re-measured the provisions at August 1, 2010 under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and determined that there is no adjustment required to the August 1, 2010 statement of financial position on the transition date.

#### **(f) Financial Instruments**

The Company has elected to designate its cash and cash equivalents as fair value through profit or loss upon initial recognition in accordance with an investment strategy that management uses to evaluate performance on a fair value basis. This designation had no impact on the results and financial position of the Company as these financial assets were classified as held-for-trading under Canadian GAAP and recorded at fair value.

## **NUBIAN RESOURCES LTD.**

### **Notes to the Condensed Consolidated Interim Financial Statements For the three months ended October 31, 2011 and 2010**

(Expressed in Canadian Dollars)

(Unaudited)

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#### **12. FIRST TIME ADOPTION OF IFRS (continued)**

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated August 1, 2010:

##### ***Estimates***

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of August 1, 2010 are consistent with its GAAP estimates for the same date.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, some differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS has not changed the Company's Canadian GAAP statement of operations and comprehensive income, statement of financial position and statement of cash flows for the quarter ended October 31, 2010 and the years ended July 31, 2010 and 2011.

#### **13. SUBSEQUENT EVENT**

Subsequent to October 31, 2011 and 90 days after his resignation, 155,000 stock options issued to the former CEO expired (Note 8 (d)).