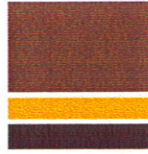




Financial Statements
For the year ended April 30, 2011

Golden Band



RESOURCES INC

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Golden Band Resources Inc. are the responsibility of management and have been approved by the Board of Directors.

Management has prepared the financial statements in accordance with Canadian generally accepted accounting principles. The financial statements reflect management's best estimates and judgments based on information currently available.

The management of the Company has developed and maintains a system of internal accounting controls in order to ensure the integrity and objectivity of the data in the financial statements. Management believes the internal accounting controls provide reasonable assurance that financial records are reliable and form a proper basis for the preparation of the financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the financial statements principally through its audit committee. The audit committee is responsible for overseeing management's performance of its financial reporting responsibilities. The audit committee reviewed the Company's annual financial statements and annual report, and recommended their approval to the Board of Directors. The shareholders' auditors have full access to the audit committee, with and without management being present.

The Company's auditors, PricewaterhouseCoopers LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards, have examined these financial statements and their independent professional opinion on the fairness of the financial statements is attached.

Mark J. Thiel, CA
VP, Finance and CFO

Saskatoon, Canada
August 25, 2011

August 25, 2011

Auditor's Report

To the Shareholders of Golden Band Resources Inc.

We have audited the accompanying financial statements of Golden Band Resources Inc., which comprise the balance sheet as at April 30, 2011 and 2010 and the statements of operations and comprehensive loss, shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Golden Band Resources Inc. as at April 30, 2011 and 2010 and the results of operations and cash flows for the year 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 describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the corporation's ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Accountant

GOLDEN BAND RESOURCES INC.
BALANCE SHEET

Years ended April 30, 2011 and 2010

	2011	2010
ASSETS		
Current		
Cash and cash equivalents	\$ 3,427,168	\$ 3,778,114
Accounts receivable	2,461,303	185,985
Prepaid expenses	304,194	41,311
Inventory (Note 5)	3,187,580	-
	9,380,245	4,005,410
Reclamation bond (Note 11)	386,071	385,926
Mine, mill and equipment (Note 6)	57,381,318	5,217,924
Resource property interests (Note 7)	24,257,969	35,137,422
	\$ 91,405,603	\$ 44,746,682
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 13,676,956	\$ 1,269,610
Notes payable (Note 8)	6,713,501	-
Lease and property tax payable (Note 9)	110,826	227,000
	20,501,283	1,496,610
Asset retirement obligation (Note 11)	574,643	356,330
Future income tax liability (Note 10)	2,967,305	1,997,525
	24,043,231	3,850,465
Shareholders' Equity		
Share capital (Note 12)	78,182,286	48,994,831
Contributed surplus	8,520,508	4,976,807
Deficit	(19,340,422)	(13,075,421)
	67,362,372	40,896,217
	\$ 91,405,603	\$ 44,746,682

Going concern (Note 1)
 Commitments (Note 17)
 Subsequent events (Note 18)

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

GOLDEN BAND RESOURCES INC.
STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

Years ended April 30, 2011 and 2010

	2011	2010
Gold sales	\$ 4,206,120	\$ -
Cost of Sales		
Operating expenses	2,217,139	-
Depletion, amortization and accretion	801,201	-
	\$ 1,187,780	\$ -
General and administrative expenses		
Stock compensation (Note 12)	\$ 1,286,988	\$ 944,860
Wages and benefits	1,038,200	938,640
Professional fees	690,321	312,642
Consulting	604,370	421,879
Investor communications	153,114	136,722
Insurance	193,661	55,499
Amortization	154,545	171,808
Bank charges and interest	137,258	59,633
Travel and accommodation	123,455	82,313
Telephone and utilities	54,838	50,819
Office expenses	79,593	56,179
Premises rent	42,503	64,651
Other costs	23,389	7,869
Property taxes and leases	800	16,376
	4,583,035	3,319,890
Increase in fair value of notes payable (Note 8)	(3,884,315)	-
Other income (loss) (Note 13)	518,913	26,956
Loss before income taxes	6,760,657	3,292,934
Future income tax recovery (Note 10)	(495,656)	(955,416)
Net and comprehensive loss for the year	\$ 6,265,001	\$ 2,337,518
Basic and diluted loss per share (Note 14)	\$ 0.03	\$ 0.01
Weighted average common shares outstanding	236,186,872	160,707,084

See accompanying notes to financial statements.

GOLDEN BAND RESOURCES INC.
STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended April 30, 2011 and 2010

	2011	2010
Share Capital (Note 12)		
Balance, beginning of year	\$ 48,994,831	\$ 36,090,123
Private placements, net of issue costs	19,182,271	15,612,159
Exercise of stock options	554,097	36,946
Warrants issued	(4,348,626)	(2,318,058)
Flow-through renunciation	(1,816,729)	(426,339)
Exercise of warrants, net of issue costs	15,616,442	-
Balance, end of year	78,182,286	48,994,831
Contributed Surplus		
Balance, beginning of year	4,976,807	1,726,392
Warrants issued	4,461,272	2,318,058
Stock compensation	1,286,988	944,860
Fair value allocations on warrants exercised	(2,204,559)	(12,503)
Balance, end of year	8,520,508	4,976,807
Deficit		
Balance, beginning of year	(13,075,421)	(10,737,903)
Loss for the year	(6,265,001)	(2,337,518)
Balance, end of year	(19,340,422)	(13,075,421)
Total Shareholders' Equity	\$ 67,362,372	\$ 40,896,217

See accompanying notes to financial statements.

GOLDEN BAND RESOURCES INC.
STATEMENTS OF CASH FLOWS

Years ended April 30, 2011 and 2010

	2011	2010
Cash flows from (used in) operating activities		
Loss and comprehensive loss for the year	\$ (6,265,001)	\$ (2,337,518)
Items not involving cash		
Stock compensation (Note 12)	1,286,988	944,860
Amortization, depletion and accretion	1,623,307	171,808
Unrealized foreign exchange gain on notes payable	(793,189)	-
Change in fair value of notes payable	3,884,315	-
Future income tax recovery (Note 10)	(495,656)	(955,416)
Gain on sale of assets	(24,243)	-
	(783,479)	(2,176,266)
Change in non-cash working capital		
Accounts receivable	(2,275,318)	(117,579)
Prepaid expenses	(262,883)	(3,191)
Inventory	(3,187,580)	-
Accounts payable	2,518,260	(111,712)
Property tax payable	(116,174)	(49,874)
	(4,107,174)	(2,458,622)
Cash flows from financing activities		
Issuance of share capital, net of issue costs	32,796,959	15,534,297
Issuance of note payable	7,395,471	-
Repayment of note payable	(3,660,450)	-
Increase in accounts payable related to acquisition of capital assets	9,889,086	851,273
	46,421,066	16,385,570
Cash flows from (used in) investing activities		
Purchase of capital assets	(19,787,273)	(1,108,374)
Expenditures on resource properties	(22,901,848)	(9,282,943)
Proceeds on sale of capital assets	24,428	-
Reclamation bond	(145)	233
	(42,664,838)	(10,391,084)
Increase (decrease) in cash and cash equivalents	(350,946)	3,535,864
Cash and cash equivalents, beginning of year	3,778,114	242,250
Cash and cash equivalents, end of year	\$ 3,427,168	\$ 3,778,114

See accompanying notes to financial statements

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

1. Going Concern

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. In the course of its operations, the Company has sustained operating losses and negative cash flows from operations. As of April 30, 2011, the Company had cash and cash equivalents of \$3,427,168, a working capital deficiency of \$11,121,038 and an accumulated deficit of \$19,340,422. The Company is transitioning from the development stage to the production stage of its gold mining operations in the current year.

The ability of the Company to continue as a going concern is dependent on its ability to attain profitable operations under prevailing market conditions or obtain additional financing in order to meet its planned business objectives. As explained in note 12, the Company raised additional equity capital to meet its current business needs. In the longer term, there is no assurance that the Company will be successful in these actions. As a result, the above casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty, and these adjustments could be material.

2. Nature of Operations

The Company's continuing operations and the recoverability of amounts shown for mineral properties and related deferred costs are dependent upon the ongoing discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to continue the development, future profitable production from the properties, or proceeds from disposition.

Prior to the year ended April 30, 2011, the company was in the development stage. With the Roy Lloyd Mine entering production on April 1, 2011, the company is operating and producing gold from the Roy Lloyd Mine, and is continuing to develop its other principal projects and properties.

3. Significant Accounting Policies

a) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Areas of significance requiring the use of management estimates relate to the determination of the recoverability of capitalized mineral exploration costs, the determination of asset retirement obligation, fair value of note payable, stock based compensation and future income tax assets and liabilities. Actual results may differ from those estimates.

b) Cash Equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

3. Significant Accounting Policies (continued)

c) Inventories

Gold dore, gold in circuit and ore stockpiles are valued at the lower of average production cost or net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and depreciation and depletion of mining interests. Net realizable value is calculated as the estimated price at the time of sale based on prevailing metal prices less estimated costs to complete and costs to be incurred in the selling of the inventory. Supplies are valued at the lower of average cost and net realizable value.

d) Resource Property Interests

The Company follows the accepted accounting practice of capitalizing acquisition, exploration, and development costs applicable to properties held. If the properties become productive, the costs will be amortized over the anticipated production of the property. If the property is abandoned, the applicable costs will be written off as the claims lapse.

Depletion of costs capitalized to properties is recorded using the unit of production method based on estimated proven and probable reserves as determined by qualified engineers.

Management has determined each property or project to be a cost centre.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

Resource property interests are tested for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. When events or circumstances indicate that the carrying amount of resource property interests are not recoverable, the estimated undiscounted future cash flows anticipated to be generated during the remaining life of the asset or group of assets are compared to the net carrying value of the asset or group of assets. Where the net carrying amount of the asset or the group of assets is less than the undiscounted future cash flows, an impairment loss is recognized to the extent of the difference between the carrying value of the asset or group of assets and the related fair value.

e) Mine, Mill and Equipment

Mine, mill and equipment consists of the Roy Lloyd mine, the Jolu gold mill and equipment, , field equipment, assets under construction and other operational equipment.

Once a mine has reached commercial production, the mine development costs are amortized over the estimated remaining mine life on a unit of production basis.

The gold mill and equipment is amortized over the anticipated production life on a unit of production basis.

Assets under construction will be amortized when the assets become productive, over their anticipated production life.

The field and operational equipment is recorded at cost and amortized on a straight-line basis over three years.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements
For the year ended April 30, 2011

3. Significant Accounting Policies (continued)

e) Mine, Mill and Equipment (continued)

Mine, mill and equipment are tested for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. When events or circumstances indicate that the carrying amount of property and equipment are not recoverable, the estimated undiscounted future cash flows anticipated to be generated during the remaining life of the asset or group of assets are compared to the net carrying value of the asset or group of assets. Where the net carrying amount of the asset or the group of assets is more than the undiscounted future cash flows, an impairment loss is recognized to the extent of the difference between the carrying value of the asset or group of assets and the related fair value.

f) Revenue Recognition

Revenue from the sale of gold bullion is recognized when persuasive evidence of a sale arrangement exists, the risks and rewards of ownership passes to the purchaser, the selling price is fixed or determinable, and the collectability is reasonably assured.

g) Income Taxes

Income taxes are accounted for using the assets and liability method pursuant to Section 3465 of the Handbook of the Canadian Institute of Chartered Accountants (CICA). Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, Section 3465 requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not. Future income tax liabilities that may arise from these timing differences are recorded in the period they arise (see Note 10).

h) Stock Compensation

The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted is measured at fair value at the grant date using the Black-Scholes valuation model and recognized as an expense in the statement of operations and comprehensive loss over the vesting period of the options granted.

Upon exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

i) Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

3. Significant Accounting Policies (continued)

j) Share Capital – Flow-Through Shares

The Company finances a portion of its exploration activities through the issue of flow-through shares.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The Company renounces the qualifying expenditures upon issuance of the respective flow-through common shares and accordingly is not entitled to the related taxable income deductions for such expenditures.

The Company has adopted recommendations by the Emerging Issues Committee (EIC) of the CICA relating to the recording of flow-through shares. EIC 146 stipulates that future income tax liabilities resulting from the renunciation of qualified mineral expenditures by the Company from the issuance of flow-through shares are recorded as a reduction in share capital. Any corresponding realization of future income tax benefits resulting in the utilization of prior year losses available to the Company not previously recorded, whereby the Company did not previously meet the criteria for recognition, are reflected as part of the Company's results during the year the expenses are renounced to the share subscribers.

j) Contributed Surplus

The fair values of stock options and certain warrants have been valued using the Black-Scholes option-pricing model. Warrants have been valued using the relative fair value method. The fair value on the grant of these securities is added to contributed surplus as they vest. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital.

k) Financial Instruments

Notes payable and reclamation bonds are classified as held-for-trading and accordingly carried at their fair values, with changes in fair value reflected in income. Cash and accounts receivable are classified as loans and receivables, and accordingly carried at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and are currently carried at amortized cost. Transaction costs that are directly attributable to the issuance of financial assets or liabilities classified as held for trading are recognized immediately in net income. Transaction costs that are directly attributable to the issuance of financial assets or liabilities classified as other than held for trading are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest rate method.

l) Asset retirement obligation

The Company recognizes the fair value of a liability for an asset retirement obligation when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease to the carrying amount of the liability and the related long-lived asset.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

4. Recent Accounting Pronouncements

a) Business Combinations, Financial Statements and Non-Controlling Interests

CICA Section 1582, *Business Combinations* replaces Section 1581 of the same name, and establishes new guidance on the recognition and measurement of all assets and all liabilities of the acquired business at fair value. Non-controlling interests are measured at either their fair value or at their proportionate share of the fair value of identifiable assets and liabilities. The measurement of consideration given now includes the fair value of any contingent consideration as of the acquisition date, and subsequent changes in fair value of the contingent consideration classified as a liability are recognized in earnings. Acquisition-related costs are excluded from the purchase price and are expensed as incurred. In addition, restructuring costs related to a business combination are no longer part of the purchase price equation and are expensed as incurred. Section 1582 applies prospectively to business combinations realized in or subsequent to the first annual reporting period beginning on or after January 1, 2011.

Upon adopting Section 1582, entities will also be required to adopt CICA Section 1601, *Financial Statements* and Section 1602, *Non-Controlling Interest*, which together replace Section 1600, *Financial Statements*. These new sections will require that the non-controlling interest be presented as a separate component of shareholders' equity on the balance sheet. In addition, the income statement will include 100 per cent of the subsidiary's net income and then allocate same to controlling interest and non-controlling interests. These new sections apply to interim and annual financial statements for years beginning on or after January 1, 2011. The effect of applying these new standards is being reviewed.

b) International Financial Reporting Standards (IFRS)

In February 2008, the Accounting Standards Board (AcSB) announced that Canadian publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011. These new standards will be applicable for the Company's fiscal year beginning May 1, 2011 and the Company will be required to restate for comparative purposes the amounts reported for the year ended April 30, 2011. The Company is currently planning for the transition to IFRS; however, the impact of the transition cannot be reasonably estimated at this time.

5. Inventories

	April 30, 2011	April 30, 2010
Supplies	\$ 150,988	\$ -
Broken ore	32,392	-
Gold-in-circuit	3,004,200	-
Total inventories	\$ 3,187,580	-

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

6. Mine, Mill and Equipment

Mine, mill and equipment consists of the following:

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Mine property and development	\$ 32,107,753	\$ 1,162,934	\$ 30,944,819	\$ -
Mill and equipment	22,788,363	184,638	22,603,725	730,444
Tailings facility	2,261,672	37,695	2,223,977	-
Field equipment	1,213,347	247,187	966,160	68,544
Assets under construction	360,633	-	360,633	4,366,202
Automotive	187,232	35,154	152,078	9,997
Computer equipment	219,954	144,903	75,051	13,125
Office equipment	97,126	74,520	22,606	226
Land	19,259	-	19,259	-
Computer software	74,824	61,814	13,010	28,336
Leasehold improvements	12,500	12,500	-	1,050
	<u>\$59,342,663</u>	<u>1,961,345</u>	<u>57,381,318</u>	<u>\$5,217,924</u>

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$ 13,550	12,500	1,050	\$ 4,167
Office equipment	72,124	71,898	226	10,219
Computer equipment	134,390	121,265	13,125	17,943
Computer software	65,811	37,475	28,336	31,077
Field equipment	256,935	188,391	68,544	177,909
Automotive	94,264	84,267	9,997	41,418
Gold mill and equipment	730,444	-	730,444	719,443
Assets under construction	4,366,202	-	4,366,202	1,588,422
	<u>\$5,733,720</u>	<u>515,796</u>	<u>5,217,924</u>	<u>\$2,590,598</u>

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements
For the year ended April 30, 2011

7. Resource Property Interests

Subject to compliance with the provincial mineral disposition regulations, the Company holds the rights to explore for and to develop mineral resources on various Crown property dispositions. These rights are classified as resource property interests for financial statement purposes.

The Company has acquired certain mineral properties, interests and rights through direct ownership or under option, the costs of which are as follows:

	Surface and Mining Leases	Property Costs	Deferred Exploration Costs	Total April 30, 2011	Total April 30, 2010
<u>Saskatchewan</u>					
Roy Lloyd Mine	\$ -	\$ -	\$ -	\$ -	\$ 14,327,590
Greater Waddy Lake	-	6,179,345	10,477,298	16,656,643	16,479,358
Jolu surface lease	240,284	-	-	240,284	240,284
Komis	-	-	1,092,531	1,092,531	357,619
Decade	-	-	415,435	415,435	363,088
Golden Heart	-	-	896,463	896,463	276,210
EP	-	-	1,735,471	1,735,471	-
Other properties ¹	-	881,218	2,339,923	3,221,141	3,093,272
<u>British Columbia</u>					
Iskut	-	1	-	1	1
Total	\$ 240,284	\$ 7,060,564	\$ 16,957,121	\$ 24,257,969	\$ 35,137,422

¹ Other properties include Churchill River, Greywacke, RKN, Birch Crossing, Waddy Lake, Tower East, Memorial, Kaslo, Corner Lake, Star Lake, Niko, and Charlie's Eye.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements
For the year ended April 30, 2011

7. Resource Property Interests (continued)

	Surface and Mining Leases	Property Costs	Deferred Exploration Costs	Total April 30, 2010	Total April 30, 2009
<u>Saskatchewan</u>					
Greater Waddy Lake & Other	\$ -	\$ 6,179,345	\$ 11,225,540	\$ 17,404,885	\$ 13,829,540
Churchill River	-	357,218	540,666	897,884	897,884
Roy Lloyd Mine (Bingo)	-	-	14,327,590	14,327,590	10,490,033
Greywacke	-	524,000	344,572	868,572	867,751
Decade (Alimak-Decade)	-	-	363,088	363,088	346,116
RKN	-	-	479,789	479,789	464,931
Birch Crossing	-	-	197,710	197,710	195,851
Jolu surface lease	240,284	-	-	240,284	240,284
Komis	-	-	357,619	357,619	212,848
<u>British Columbia</u>					
Iskut	-	1	-	1	1
Total	\$ 240,284	\$ 7,060,564	\$ 27,836,574	\$ 35,137,422	\$ 27,545,239

Roy Lloyd Mine and Jolu Mill property costs were reclassified to mine, mill and equipment as mine property and development and mill and equipment costs upon commencement of production.

Greater Waddy Lake, Churchill River, Roy Lloyd Project (formerly Bingo), and Greywacke, Saskatchewan

In November 2002, the Company acquired approximately 37,000 hectares in the La Ronge area of Saskatchewan. This land package, which complemented the Company's existing holdings, has been reclassified into six project areas: Greater Waddy Lake, Churchill River, Roy Lloyd, Decade, RKN and Birch Crossing. The total area held under disposition by the Company is now 75,105 hectares. The Company is the operator and owns 100% interests in these projects.

During August 2006, the Company acquired the 50.1% interest held by Tyler Resources Inc. in the Golden Heart gold deposit. The Company purchased the interest for \$1,000,000 cash and 500,000 common share purchase warrants exercisable for one common share for a period of two years at a price of \$0.55 per warrant share. This property is recorded as part of Greater Waddy Lake.

During the 2006 fiscal year, the Company acquired three contiguous claims totaling 319 hectares of the Greywacke gold deposit for \$40,000 cash and 150,000 shares of the Company on closing and 150,000 shares of the Company on the first anniversary of closing.

Also during the 2006 fiscal year, the Company acquired a 49% interest in the Greywacke gold deposit consisting of ten additional claims totaling 4,276 hectares. The Company acquired the 49% interest for \$100,000 cash and 250,000 shares of the Company on closing and 250,000 shares of the Company on the first anniversary of closing. Fifty-one percent of the property was previously optioned to Masuparia Gold Corporation who was to spend \$850,000 on exploration of the property.

During the 2008 fiscal year, the Company issued the additional 400,000 shares pursuant to the Greywacke acquisition agreements at a fair value of \$224,000.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

7. Resource Property Interests (continued)

Iskut River Joint Venture, British Columbia

In April 2011 the Company, along with American Bonanza Gold Corp. (American Bonanza), acquired Barrick Gold's interest in the Iskut Joint Venture. This resulted in Golden Band holding a 52.5% interest in Iskut.

Roy Lloyd, Alimak-Decade and RKN Properties

On August 6, 2008 the Company entered into an Option Agreement with Virginia Energy Resources Inc. (formerly Santoy Resources Ltd.) (Virginia), a company related by way of two common directors, whereby Virginia could acquire an 8% interest in the Roy Lloyd, Alimak-Decade and RKN properties. Other terms of the agreement were as follows:

- a. Virginia must incur \$3,000,000 in expenditures on the properties by December 31, 2008.
- b. If the expenditures are not incurred by December 31, 2008 Virginia may elect to pay to the Company, in cash, the amount of expenditures not incurred.
- c. Upon earning the 8% interest, a Joint Venture Agreement may be negotiated.

All terms were met and on April 16, 2010 the Company exercised its right to buy back Virginia's equity interest. Under the terms of the agreement, the Company paid to Virginia a cash payment of \$750,000 and issued to Virginia a total of 7,500,000 common shares in the capital of the Company. The Company's share capital and resource property interests were increased by the prevailing market price of the common shares issued to Virginia.

8. Notes Payable

	April 30, 2011	April 30, 2010
Notes Payable	\$ 6,713,501	\$ -

On August 25, 2010, the Company issued \$US 7,000,000 in loan notes to Sprott Asset Management L.P. (the Gold Loan). Gold Loan holders were also granted 3,000,000 warrants. Each warrant will be exercisable into one common share of the Company for a period of three years after the closing date. The exercise price of the warrants is \$0.40 per common share during the first year and \$0.50 per common share for the last two years. These warrants were fair valued at \$112,646. The warrants were valued using a valuation model with the following assumptions: (i) volatility – 45%, (ii) risk free rate –1.61%, (iii) term – 366 days and (iv) dividends –nil. The note was fair valued using a valuation model with the following assumptions: i) gold spot rate – \$1,564 ii) volatility – 16% iii) risk free rate – 0.0%, iii) credit spread – 14.82%.

The Gold Loan repayment period commenced January 1, 2011 and will end October 31, 2011. The payments will be made in nine monthly instalments. Each cash payment shall be equivalent in value to 900 ounces of gold except for the last payment where the payment is equivalent to 135.29 ounces of gold (a total of 8,235.29 ounces).

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

8. Notes Payable (continued)

The amount of the gold price will be determined using the SPDR Gold Trust shares net asset value which is an exchange traded fund which predominantly invests in gold.

The Company has guaranteed the Gold Loan holders a minimum rate of return of 5% per annum and the Gold Loan is secured by a perfected first ranking charge over all assets of the company.

The overall transaction price for the loan and warrants has been allocated using a relative fair value approach.

Loan proceeds at issuance:

Loan proceeds at issuance	\$ 7,395,471
Value attributed to warrants	(112,646)
Loan carrying value	\$ 7,282,825

The table below reflects the fair value of the loan note whose fair value is determined using a valuation model for which all of the inputs are not market observable. The loan was initially recognized on the balance sheet at its transaction price based on a relative fair value approach to value the loan and the warrants. The valuation was obtained from an appropriate discounted cash flow model which will be used to estimate fair value on a recurring basis. The table below shows the total difference still to be recognized at the beginning and end of the period and a reconciliation of the movements in the period:

	April 30, 2011	April 30, 2010
Balance at beginning of period	\$ -	\$ -
Issuance of note payable	7,282,825	-
Increase in fair value of note payable during the period since initial recognition	3,884,315	-
Unrealized foreign exchange gain on note payable	(793,189)	-
Repayments during the period	(3,660,450)	-
Balance at end of period	\$ 6,713,501	\$ -

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

9. Lease and Property Taxes Payable

The Company acquired the surface and mineral leases for the Jolu Mill from CDG Investments Inc. by assuming the liability to the Province of Saskatchewan for leases and property taxes outstanding in the amount of \$227,000. The amount becomes due over a period of time based on various future conditions and events. Interest is payable on the outstanding amounts based on prescribed legislative rates. At April 30, 2011, the balance of the payable is \$110,826.

10. Income Taxes

The Company has incurred expenditures on its mineral exploration properties which are identified as Canadian Exploration Expenses (CEE) and Canadian Development Expenses (CDE) for income tax purposes. The cumulative CEE and CDE expenditures and loss carry forwards may be used to reduce future years' taxable income earned by the Company.

In the current year the Company recognized \$495,656, (2010 - \$955,416) as a future income tax recovery from the utilization of available tax losses and CEE of the current year to offset the future tax liability.

The Company's CEE and CDE totaling \$30,761,974 can be carried forward indefinitely. Expenses of \$6,728,625 were renounced during the year as flow through expenses. The non-capital losses totaling \$13,549,667 are carried forward for tax purposes and are available to reduce taxable income of future years. These losses expire as follows:

Year	Non-Capital Losses
2014	447,272
2015	589,255
2026	575,964
2027	927,032
2028	2,920,745
2029	2,510,754
2030	2,708,175
2031	2,870,470
Balance, April 30, 2011	\$ 13,549,667

The detail of the future income tax liability is as follows:

Balance, April 30, 2010	\$ 1,997,525
Tax benefits recognized in current period	(495,656)
Future income tax recognized on share issue costs	(351,293)
Flow-through renunciation	1,816,729
Balance, April 30, 2011	\$ 2,967,305

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

10. Income Taxes (continued)

The effective income tax rate differs from the statutory rate as follows:

	2011	2010
Loss before income taxes	\$ 6,760,657	\$ 3,292,934
Statutory income tax rate	29.50%	30.67%
Expected tax recovery	1,994,394	1,009,833
Stock compensation and other non-deductible items	(381,262)	(307,392)
Differences with future tax rates and other	(205,594)	252,975
Valuation allowance	(911,882)	-
Future income tax recovery	\$ 495,656	\$ 955,416

	2011	2010
Future income tax assets		
Operating loss carry-forwards	3,460,676	2,961,546
Share issuance costs and other	724,646	507,498
Gross future income tax assets	4,185,322	3,469,044
Future income tax liabilities		
Resource and other property book value in excess of tax value	(7,152,627)	(5,466,569)
Net future income tax liability	(2,967,305)	(1,997,525)

11. Asset Retirement Obligation

	2011	2010
Balance, beginning of the year	\$ 356,330	\$ 356,330
Change in estimate	134,818	-
Accretion expense	83,495	-
Balance, end of the year	574,643	356,330

In accordance with the Saskatchewan Mineral Industry Environment Protection Regulation, 1993, the Company assumed the financial liability to cover all existing and future costs for decommissioning and reclamation of the lands leased under the surface lease.

The Company's total undiscounted amount of the cash flows required to settle the asset retirement obligations is \$920,316, which has been discounted using a credit-adjusted risk-free interest rate of 17%. The Company's estimate is based on a variety of assumptions regarding estimated amount of cash flows, related timing of cash flows and discount rates, as a result, the actual obligation may vary from the estimate due to the uncertainties in these assumptions.

With regards to the asset retirement obligation, a term deposit of \$386,071 (2010 - \$385,926) has been pledged as security to TD Canada Trust for their irrevocable letter of credit in favour of the Province of Saskatchewan. The letter of credit is to provide financial assurance for the decommissioning costs of the mill. Subsequent to year end, the Company has been working to put additional letters of credit in place to cover the total retirement obligation.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

12. Share Capital

The common shares of the Company are entitled to one vote per share at meetings of the shareholders of the Company, and upon dissolution or any other distribution of assets, to receive pro rata such assets of the Company as are distributable to the holders of the common shares.

The Company is authorized to issue the following shares:

- Unlimited Common Shares without par value
- Unlimited Preferred Shares without par value

At April 30, 2011, the Company's issued share capital is as follows:

	2011		2010	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	198,458,618	\$ 48,994,831	130,644,464	\$ 36,090,123
Issued for property	-	-	7,500,000	2,175,000
Private placement	31,241,377	13,587,133	54,910,900	12,627,725
Fair Value of warrants issued	-	(4,247,372)	-	(2,411,357)
Fair value of warrants issued to agents	-	(394,024)	-	(63,721)
Share issuance costs on warrants	-	292,770	-	157,020
Exercise of warrants	38,199,794	15,616,442	-	-
Exercise of options	1,842,316	554,097	122,210	36,946
Future income tax recognized on share issue costs	-	351,293	-	102,305
Share issue costs	-	(1,197,200)	-	(877,184)
Flow-through shares (Note 15)	14,975,250	6,441,045	5,281,044	1,584,313
Flow-through renunciation (Note 9)	-	(1,816,729)	-	(426,339)
Balance, end of year	284,717,355	\$ 78,182,286	198,458,618	\$ 48,994,831

Private Placements

On August 18, 2010, the Company closed the first tranche of its private placement and issued a total of 9,395,000 flow-through units at a price of \$0.40 per flow-through unit and 4,202,143 non-flow-through units at a price of \$0.35 per non-flow-through unit. Total gross proceeds raised \$5,228,750. Each flow-through unit consists of one flow-through common share in the capital of the Company and one-half of one common share purchase warrant. Each non-flow-through unit consists of one non-flow-through common share in the capital of the Company and one-half of one common share purchase warrant. Each whole flow-through warrant will entitle the holder to acquire one flow-through common share at a price of \$0.50 until December 31, 2010 and thereafter at a price of \$0.55 until August 31, 2011.

Each whole non-flow-through warrant will entitle the holder to purchase one common share at an exercise price of \$0.45 until December 31, 2010 and thereafter at an exercise price of \$0.50 until August 31, 2011. The fair value allocated to these warrants was recorded at \$201,287. The Company paid finder's fees of \$144,555 and issued 399,279 finder's warrants on a portion of the funds raised. Each finder warrant is exercisable to acquire one common share of the Company at a price of \$0.45 until August 31, 2011. The fair value allocated to these warrants was recorded at \$7,699.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

12. Share Capital (continued)

On September 22, 2010, the Company closed the second tranche of its private placement and issued a total of 3,075,000 flow-through units at a price of \$0.40 per flow-through unit and 512,714 non-flow-through units at a price of \$0.35 per non-flow-through unit. Total gross proceeds raised were \$1,409,450. Each flow-through unit consists of one flow-through common share in the capital of the Company and one-half of one common share purchase warrant. Each non-flow-through unit consists of one non-flow-through common share in the capital of the Company and one half of one common share purchase warrants. Each whole flow-through warrant will entitle the holder to acquire one flow-through common share at a price of \$0.50 until December 31, 2010 and thereafter at an exercise price of \$0.55 until August 31, 2011. Each whole non flow-through warrant will entitle the holder to purchase one common share at an exercise price of \$0.45 until December 31, 2010 and thereafter at an exercise price of \$0.50 until August 31, 2011. The fair value allocated to these warrants was recorded at \$106,008. The Company paid finder's fees of \$57,747 and issued 150,420 finder's warrants on a portion of the funds raised. Each finder warrant is exercisable to acquire one common share of the Company at a price of \$0.45 until August 31, 2011. The fair value allocated to these warrants was recorded at \$11,063.

On March 31, 2011, the Company closed the first tranche of a second private placement and issued a total of 1,424,250 flow-through units at a price of \$0.58 per flow-through unit and 16,875,687 non-flow-through units at a price of \$0.45 per unit. Total gross proceeds raised were \$8,420,124. The Company also completed the first closing of subscriptions from the president's list consisting of 4,172,333 non-flow-through units and 1,051,000 flow-through units for gross proceeds of \$2,487,130. Each flow-through unit consists of one flow-through common share in the capital of the Company and one half of one common share purchase warrant. Each non-flow-through unit consists of one non-flow-through common share in the capital of the Company and one common share purchase warrant. Each whole flow-through warrant will entitle the holder to acquire one common share at a price of \$0.70 until March 31, 2013. Each whole non-flow-through warrant will entitle the holder to purchase one common share at an exercise price of \$0.60 until March 31, 2013 and thereafter at an exercise price of \$0.65 until March 31, 2014. The flow-through warrants issued under the president's list subscription will entitle the holder to purchase one common share at an exercise price of \$0.70 until March 31, 2013. The non-flow-through warrants issued under the president's list subscription will entitle the holder to purchase one common share at an exercise price of \$0.60 until March 31, 2013 and thereafter at an exercise price of \$0.65 until March 31, 2014. The fair value allocated to these warrants was recorded as \$4,409,519. The agents for the Company were paid \$700,789 cash commission and were issued 1,384,045 broker warrants. Each warrant is exercisable at a price of \$0.45 for a period of two years into one common share and one purchase warrant. The subsequent purchase warrant is exercisable at \$0.60 until March 31, 2013 and thereafter at an exercise price of \$0.65 until March 31, 2014. The fair value allocated to these warrants was recorded as \$507,808. The Company paid finder's fees of \$65,025 to certain finders with respect to subscriptions on the president's list.

On April 15, 2011, the Company closed the second tranche of the second private placement and issued a total of 30,000 flow-through units at a price of \$0.58 per flow-through unit and 4,238,500 units at a price of \$0.45 per unit. Total gross proceeds raised were \$1,924,725.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

12. Share Capital (continued)

The Company also completed the final closing of subscriptions from the president's list consisting of 1,140,000 units for gross proceeds of \$513,000. Each flow-through unit consists of one flow-through common share in the capital of the Company and one-half common share purchase warrant. Each non-flow-through unit consists of one non-flow-through common share in the capital of the Company and one common share purchase warrant. Each whole flow-through warrant will entitle the holder to acquire one common share at a price of \$0.70 until April 15, 2013. Each whole non-flow-through warrant will entitle the holder to purchase one common share at an exercise price of \$0.60 until April 15, 2013 and thereafter at an exercise price of \$0.65 until April 15, 2014. The non-flow-through warrants issued under the president's list subscription will entitle the holder to purchase one common share at an exercise price of \$0.60 until April 15, 2013 and thereafter at an exercise price of \$0.65 until April 15, 2014. The fair value allocated to these warrants was recorded as \$1,178,401.

The agents for the Company were paid \$25,998 cash commission and were issued 57,080 broker warrants exercisable for one common share at a price of \$0.45 for a period of two years. The fair value allocated to these warrants was recorded as \$22,684. The Company paid finder's fees of \$34,155 to certain finders with respect to subscriptions on the president's list.

On April 27, 2011, the Company closed the third tranche of the second private placement and issued a total of 100,000 units at a price of \$0.45 per unit. Total gross proceeds raised were \$45,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at an exercise price of \$0.60 until April 27, 2013 and thereafter at an exercise price of \$0.65 until April 27, 2014. The fair value allocated to these warrants was recorded as \$22,285. The agents for the Company were paid \$3,600 cash commission and were issued 8,000 broker warrants exercisable for one common share at a price of \$0.45 for a period of two years. The fair value allocated to these warrants was recorded as \$3,177.

Options

The Company has established an incentive stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company, as well as persons providing ongoing services to the Company. The incentive stock options are a means of rewarding optionees for future services provided to the Company. The exercise price of the options equals the market price of the Company's stock on the date prior to the grant. Options granted vest at 25% three months after date of hire and upon TSX approval and 12.5% per quarter thereafter. Prior to October 2010, options granted vested at 25% immediately upon TSX approval and 12.5% per quarter thereafter. Stock options are for a five-year term in accordance with Company policy.

As of April 30, 2011 the aggregate number of common shares that may be issued under the stock option plan shall not exceed 10% of the issued and outstanding common shares, or 28,471,736.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

12. Share Capital (continued)

A summary of the status of the Company incentive stock option plan as at April 30, 2011 is as follows:

	2011		2010	
	Number of Shares	Weighted Average Exercise Amount	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	17,118,361	\$ 0.36	7,520,409	\$ 0.36
Granted	5,785,000	\$ 0.56	10,041,420	\$ 0.27
Expired	(2,391,577)	\$ 0.37	(321,258)	\$ 0.35
Forfeited	(146,875)	\$ 0.30	-	-
Exercised	(1,842,316)	\$ 0.30	(122,210)	\$ 0.20
Outstanding, end of year	18,522,593	\$ 0.38	17,118,361	\$ 0.36

Options Granted

A total of 5,785,000 (2010 – 10,041,420) options were granted during the year to directors, consultants, and employees as follows:

	2011	2010
Directors	2,400,000	5,600,000
Consultants	900,000	650,000
Employees	2,485,000	3,791,420
	5,785,000	10,041,420

The Company accounted for stock compensation expense of options granted during the period using the following weighted average assumptions: as vested, risk-free interest rate of 2.23%, no expected forfeiture rate, dividend yield of 0.00%, volatility of 60.39%, and expected lives of 5 years. The Company has recorded \$1,286,988 (2010 – \$944,860) in stock based compensation expense on 2,041,383 (2010 – 11,748,079) stock options that vested during the year.

A summary of outstanding Company incentive stock options as at April 30, 2011 is as follows:

Exercise Price Per Share	Number of Options	Outstanding		Exercisable		
		Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
\$ 0.15 - \$ 0.24	1,301,653	\$ 0.21	2.95	1,289,153	\$ 0.21	2.95
\$ 0.25 - \$ 0.34	9,590,940	\$ 0.28	3.45	8,195,309	\$ 0.27	3.35
\$ 0.35 - \$ 0.44	1,377,500	\$ 0.41	1.67	1,165,000	\$ 0.41	1.12
\$ 0.45 - \$ 0.54	2,017,500	\$ 0.47	2.46	1,505,000	\$ 0.46	1.69
\$ 0.55 - \$ 0.64	4,235,000	\$ 0.60	4.57	1,635,000	\$ 0.60	4.43
	18,522,593	\$ 0.38	3.43	13,789,462	\$ 0.34	3.07

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

12. Share Capital (continued)

Warrants

The Company has completed private placements and property for shares agreements. The funds were raised by the Company by attaching share purchase warrants to common shares sold, and issuing share purchase warrants with property for shares agreements.

A summary of the status of the share purchase warrants is as follows:

	2011		2010	
	Number of Warrants	Weighted Average Exercise Amount	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	44,914,928	\$ 0.38	12,090,625	\$ 0.36
Issued	41,373,347	\$ 0.57	33,164,928	\$ 0.39
Expired	(3,013,501)	\$ 0.62	(340,625)	\$ 0.00
Exercised	(38,199,794)	\$ 0.35	-	-
Outstanding, end of year	45,074,980	\$ 0.56	44,914,928	\$ 0.38

The warrants have various expiry dates ranging from August 31, 2011 to April 27, 2014. The warrants were valued using a valuation model with the following assumptions: (i) volatility – range of 45% to 102.20%, (ii) risk free rate – range of 1.20% to 2.35%, (iii) term – range of 2 to 3 years and (iv) dividends – nil. The Company has recorded \$6,469,930 in equity relating to the 41,373,347 warrants issued during the year.

13. Other income (loss)

	April 30, 2011	April 30, 2010
Interest and other income	\$ 35,466	\$ 30,206
Gain (loss) on sale of assets	24,243	(1,611)
Unrealized foreign exchange gain on note payable	793,189	-
Unrealized foreign exchange loss on cash	(333,985)	(1,639)
Total	\$ 518,913	\$ 26,956

14. Loss per Share

Excluded from the calculation of diluted loss per common share were the effects of outstanding options and warrants as the effect on basic loss per share would be anti-dilutive.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

15. Capital Management

The Company's objectives for managing capital are to ensure the Company's ability to continue as a going concern by producing gold and continued successful exploration efforts.

The Company considers the items included in shareholders' equity to be capital. The Company makes adjustments to its capital structure based on financing needs, as well as in response to economic conditions and the risk characteristics of the underlying assets. Management makes adjustments to its capital structure through cash flow from operations, by issuing new shares or acquiring or disposing of assets.

The Company facilitates the management of capital through the preparation of annual expenditure budgets and cash forecasts that are updated as necessary.

The Company currently has sufficient capital resources to meet its planned operational and exploration activities. Should additional funding will be required to undertake planned development and production activities management believes it will be able to raise the necessary funds. Management acknowledges that there are inherent risks in obtaining financing that may be beyond their control.

The Company currently does not have any externally imposed capital requirements.

16. Financial Instruments

a) Financial Assets

CICA Section 3862, Financial Instruments; Disclosures requires a fair value hierarchy to be disclosed for financial instruments which are measured at fair value on the balance sheet, as follows:

Level 1 – The fair value is measured using unadjusted quoted prices in active markets for identical financial assets or financial liabilities;

Level 2 – The fair value is estimated using inputs other than quoted prices that are market observable for the financial asset or financial liability

Level 3 – The fair value is estimated using a model which makes use of inputs that are not based upon observable market data.

The Company has the following financial instruments which are measured at fair value on the balance sheet and are categorized accordingly, within the fair value hierarchy:

	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ -	\$ 3,427,168	\$ -
Notes payable	-	-	6,713,501
Total	\$ -	\$ 3,427,168	\$ 6,713,501

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

16. Financial Instruments (continued)

a) Financial Assets (continued)

A reconciliation of changes in the loan fair value, which has been categorized as a Level 3 instrument due to the use of some non-market observable inputs in estimating the fair value:

	Level 3
Balance at beginning of period	\$ -
Notes payable issued during the period	7,282,825
Change in value on statement of operations, net	3,091,126
Repayments on note payable	(3,660,450)
Balance end of period	\$ 6,713,501

b) Financial Liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities and are carried at amortized cost.

The Company has designated a note payable as held-for-trading. Gains and losses arising from changes in the fair value of the loan are recorded in the income statement and are reported as net gains and losses on financial instruments classified as held-for-trading.

For this note payable, fair value is established using a valuation technique, such as discounted cash flows using market observable data, where available. Some of the inputs to the valuation are not directly market observable and are, therefore, estimated based on assumptions. Management uses a consistent process to estimate the fair value of the instruments and adjusts the inputs to take account of market observable data or other factors which are estimated to impact the fair value of these financial instruments.

The Company uses the fair value of the consideration (the "transaction price") as the best evidence of fair value in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act unless the fair value is more readily determinable in reference to other observable market transactions in the same financial instrument or observable market data.

The Company has entered into a note payable, whose fair value on a recurring basis is estimated using a valuation model which has both market observable and unobservable inputs. As such, the loan is initially recognized on the balance sheet at the transaction price amount. The loan is subsequently measured on the balance sheet at fair value. Changes in the fair value of the loan are recognized immediately in the statement of operations.

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

16. Financial Instruments (continued)

c) Management of Financial Risk

Credit Risk

Credit risk is the risk that counterparties will not be able to satisfy their contractual obligations to the Company.

The Company's cash is held through a large Canadian financial institution. Receivables are largely attributable to gold sales and GST due from the federal government. The Company considers this risk to be very remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its financial obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure it will have sufficient liquidity to meet its obligations.

Accounts payable and accrued liabilities and notes payable are due within the current operating period. The Company has sufficient resources to meet these obligations as they become due. As of April 30, 2011 the Company has current assets of \$9,380,245 to settle current liabilities of \$20,501,283, which is explained further in Note 1.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. As the Company is now producing gold which is sold in US dollars and entered into a note payable in US dollars with an embedded derivative linked to gold prices, it is subject to foreign exchange risk as well as commodity price risk. The Company has not entered into agreements or purchased any instruments to hedge possible currency or commodity risks at this time.

17. Commitments

Flow-Through Expenditures

During the 2011 fiscal year the Company issued flow-through shares totaling \$14,975,250 resulting in an obligation to spend the proceeds on exploration and development. As at April 30, 2011 the Company had spent \$6,728,625 of the flow-through share proceeds on exploration and development.

Lease Obligation

The Company has various operating lease agreements for office space, storage facilities and office equipment. The future lease payments are as follows:

2012	\$ 57,553
2013	38,277
2014	36,000
2015	2,826

GOLDEN BAND RESOURCES INC.

Notes to Financial Statements For the year ended April 30, 2011

18. Subsequent Events

On June 8, 2011 the Company and American Bonanza signed an agreement to sell their interest in the Joint Venture to Skyline Gold Corp. The Company received 2,625,000 common shares of Skyline and 1,312,500 common share purchase warrants at an exercise price of \$0.50 for a period of five years. An existing 2% net smelter return royalty for the original vendors of the property will remain.

19. Credit Facility

On September 5, 2008, the Company entered into a revolving demand credit facility agreement for up to \$100,000. At April 30, 2011, there were no amounts outstanding under the facility.

20. Comparative Figures

Certain 2010 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2011.