Golden Band

RESOURCES INC

Interim Financial Statements
For the period ended July 31, 2011

GOLDEN BAND RESOURCES INC.
UNAUDITED INTERIM FINANCIAL STATEMENTS
For the three month period ended July 31, 2011

Notice to Reader

Management has prepared the unaudited interim financial statements for Golden Band Resources Inc. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended July 31, 2011.

GOLDEN BAND RESOURCES INC.

INTERIM STATEMENT OF FINANCIAL POSITION
(Unaudited)

	As at July 31, 2011	As at April 30, 2011	As at May 1, 2010
ASSETS			
Current			
Cash and cash equivalents	$ 2,390,629	$ 3,427,168	$ 3,778,114
Accounts receivable	2,028,891	2,461,303	185,985
Prepaid expenses	227,592	304,194	41,311
Inventories (Note 4)	2,716,171	3,187,580	-
	$ 7,363,283	$ 9,380,245	$ 4,005,410
Reclamation bond (Note 9)	920,795	386,071	385,926
Mine, mill and equipment (Note 5)	83,116,093	81,905,285	40,672,916
	$ 91,400,171	$ 91,671,601	$ 45,064,252
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 16,039,714	$ 14,077,492	$ 1,269,608
Notes payable (Note 6)	3,899,812	6,713,501	-
Lease and property tax payable (Note 7)	-	110,826	227,000
	$ 19,939,526	$ 20,901,819	$ 1,496,608
Future income tax liability (Note 8)	3,404,475	2,967,305	1,997,525
Asset retirement obligation (Note 9)	804,941	795,004	673,900
	$ 24,148,942	$ 24,664,128	$ 4,168,033
SHAREHOLDERS' EQUITY			
Share capital (Note 10)	77,019,137	77,019,137	49,157,118
Contributed surplus	9,281,644	9,030,418	5,276,082
Deficit	(19,049,552)	(19,042,082)	(13,536,982)
	$ 67,251,229	$ 67,007,473	$ 40,896,217
	$ 91,400,171	$ 91,671,601	$ 45,064,252

Going concern (Note 1)

See accompanying notes to financial statements.

Approved by the Board:

_____
Director

_____
Director

GOLDEN BAND RESOURCES INC.
INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	For the three month period ended July 31	
	2011	**2010**
Gold sales	$ 14,955,812	$ -
Cost of sales		
Operating expenses	9,038,934	-
Depletion and amortization	2,913,745	-
	$ 3,003,133	$ -
General and administrative expenses	$ 527,592	$ 422,632
Wages and benefits	370,857	125,385
Exploration expenses	272,851	-
Share-based compensation	251,226	170,352
Amortization	140,128	56,808
Income (loss) from operations	$ 1,440,479	$ (775,177)
Other (expenses) income	(7,953)	20,774
Increase in fair value of notes payable	(1,002,826)	-
Income (loss) before income taxes	$ 429,700	$ (754,403)
Future income tax (expense) recovery (Note 8)	(437,170)	129,374
Net and comprehensive loss	$ (7,470)	$ (625,029)
Basic and diluted loss per share (Note 11)	$ -	$ (0.01)

See accompanying notes to consolidated financial statements.

GOLDEN BAND RESOURCES INC.
INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

	Common shares		Contributed	Accumulated	
	Shares	**Amount**	**surplus**	**deficit**	**Total**
Balance, May 1, 2010	198,458,618	$ 49,157,118	$ 5,276,082	$ (13,536,982)	$ 40,896,218
Exercise of warrants, net of costs	12,329,125	3,863,969	(274,669)	-	3,589,300
Future income tax on share costs	-	304,170	-	-	304,170
Share-based compensation	-	-	170,352	-	170,352
Total comprehensive loss for the period	-	-	-	(625,029)	(625,029)
Balance, July 31, 2010	210,287,743	$ 53,325,257	$ 5,171,765	$ (14,162,011)	$ 44,335,011
Balance, May 1, 2011	284,717,355	$ 77,019,137	$ 9,030,418	$ (19,042,082)	$ 67,007,473
Share-based compensation	-	-	251,226	-	251,226
Total comprehensive loss for the period	-	-	-	(7,470)	(7,470)
Balance, July 31, 2011	284,717,355	$ 77,019,137	$ 9,281,644	$ (19,049,552)	$ 67,251,229

See accompanying notes to financial statements.

GOLDEN BAND RESOURCES INC.
INTERIM STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended July 31, 2011	2010
Cash flows from (used in) operating activities:		
Loss and comprehensive loss for the period	$ (7,470)	$ (625,029)
Items not involving cash		
Stock compensation	251,226	170,352
Amortization, depletion and accretion	2,896,644	56,808
Unrealized foreign exchange loss on notes payable	151,792	-
Change in fair value of notes payable	1,002,826	-
Future income tax expense (recovery) (Note 8)	437,170	(129,374)
	$ 4,732,188	$ (527,243)
Change in non-cash working capital items:		
Accounts receivable	432,412	(184,077)
Prepaid expenses	76,602	9,564
Inventory	471,409	-
Accounts payable	1,962,222	742,821
Property tax payable	(110,826)	-
	$ 7,564,007	$ 41,065
Cash flows (used in) from financing activities:		
Issuance of share capital, net of issue costs	-	3,589,300
Issuance of notes payable	-	-
Repayment of note payable	(3,968,307)	-
	$ (3,968,307)	$ 3,589,300
Cash flows used in investing activities:		
Expenditures on resource properties	(3,491,001)	(4,597,628)
Reclamation bond	(534,724)	(195)
Purchases of capital assets	(606,514)	(1,760,586)
	$ (4,632,239)	$ (6,358,409)
Decrease in cash and cash equivalents	$ (1,036,539)	$ (2,728,044)
Cash and cash equivalents, beginning of period	3,427,168	3,778,114
Cash and cash equivalents, end of period	$ 2,390,629	$ 1,050,070

See accompanying notes to consolidated financial statements.

1. Going Concern

These financial statements have been prepared on a going concern basis which assumes that Golden Band Resources Inc. (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. As of July 31, 2011, the Company had cash and cash equivalents of $2,390,629, working capital deficit of $12,576,243 and an accumulated deficit of $19,049,552. Golden Band Resources Inc is a gold mining and exploration company and its ability to continue as a going concern is dependent on its ability to achieve future profitable operations.

2. Nature of Operations

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete 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 and Pronouncements

(a) Basis of preparation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including International Accounting Standard (IAS) 34, Interim Financial Reporting. The comparative information has also been prepared on this basis.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of October 21, 2011, the date of the Board of Directors approved these statements.

As these are the Company's first IFRS financial statements IFRS 1, *First-Time Adoption of International Financial Reporting Standards*, has been applied. This standard outlines optional and mandatory exemptions from a full retrospective application of IFRS, as discussed in Note 14. This note also provides reconciliations and descriptions of the effect of the transition to IFRS on equity and loss for comparative periods prepared under Canadian generally accepted accounting principles (GAAP).

These interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended April 30, 2011, prepared in accordance with GAAP.

3. Significant Accounting Policies and Pronouncements (continued)

(b) Use of Estimates

The preparation of financial statements 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.

(c) Cash equivalents

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

(d) Inventories

Gold dore, gold in circuit and ore stockpiles are valued at the lower of average production cost and net realizable value (NRV). Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and depreciation and depletion of mining interests. NRV 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.

(e) Mine, mill and equipment

Mine, mill and equipment consists of the Roy Lloyd mine, the Jolu gold mill and equipment, exploration and evaluation assets, 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.

The Company follows the accepted accounting practice of capitalizing exploration and evaluation 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.

3. Significant Accounting Policies and Pronouncements (continued)

(e) Mine, mill and equipment (continued)

Exploration and evaluation expenditures are those incurred in the exploration for and evaluation of mineral resources prior to determining the technical feasibility and commercial viability of extracting a resource. Exploration and evaluation assets include expenditures for:

- Acquisition of exploration rights;
- Exploratory drilling, trenching and sampling;
- Gathering data through topographical and geological studies; and
- Compiling data for technical feasibility and commercial viability

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.

Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. Impairment of resource property interests is tested for at the level of cash generating units. A cash generating unit is the smallest identifiable group. 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.

(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. Deferred 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 deferred 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, deferred tax assets are recognized to the extent that realization of the benefit of the deductible temporary difference is probable. Deferred tax liabilities that may arise from these timing differences are recorded in the period they arise (see Note 8).

3. Significant Accounting Policies and Pronouncements (continued)

(h) Share-based payments

The Company accounts for share-based awards using the fair value method. Under this method, compensation expense for share-based awards 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 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.

(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 records a liability for the proceeds received for flow-through shares in excess of the market value of the Company's shares on the transaction date. The premium will be recognized as income upon renouncement of the related expenditures. The deferred tax liability associated with the renouncement of expenditures will be recognized at this point.

(k) Contributed surplus

The fair values of share-based awards 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.

3. Significant Accounting Policies and Pronouncements (continued)

(l) Financial instruments

Notes payable and the reclamation bond are classified at fair value through profit and loss. They are recorded at fair value with transaction costs expensed in the income statement. Any gains or losses resulting from changes in fair value are 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 other than at fair value through profit and loss 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.

(m) 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, which is amortized on the same basis as the related asset.

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

4. Inventories

	July 31, 2011	April 30, 2011
Supplies	$ 10,180	$ 150,988
Broken ore	204,083	32,392
Gold-in-circuit	1,561,399	3,004,200
Finished gold	940,509	-
Total inventories	$ 2,716,171	$ 3,187,580

5. Mine, mill and equipment

Mine, mill and equipment consists of the following:

Cost	Plant and equipment	Producing property	Assets under construction	Exploration and evaluation assets (a)	Total
Balance at May 1, 2011	$26,874,276	$32,373,751	$ 360,633	$ 24,257,969	$83,866,629
Additions	582,288	1,938,889	30,975	1,545,362	4,097,514
Disposals	-	-	-	-	-
Transfers	319,895	32,348	(352,243)	-	-
Balance at July 31, 2011	$27,776,459	$34,344,988	$ 39,365	$ 25,803,331	$87,964,143
Accumulated depreciation					
Balance at May 1, 2011	$ 798,410	$ 1,162,934	$ -	$ -	$1,961,344
Charge for the period	559,134	2,327,572	-	-	2,886,706
Disposals	-	-	-	-	
Balance at July 31, 2011	$ 1,357,544	$ 3,490,506	$ -	$ -	$4,848,050
Net book value at July 31, 2011	$ 26,418,915	$30,854,482	$ 39,365	$ 25,803,331	$83,116,093

Cost	Plant and equipment	Producing property	Assets under construction	Exploration and evaluation assets (a)	Total
Balance at May 1, 2010	$4,009,063	$ 320,977	$ 30,490	$ 35,137,422	$39,497,952
Additions	19,276,020	264,354	330,143	31,359,967	51,230,484
Disposals	(94,264)	-	-	-	(94,264)
Transfers	3,683,457	31,788,420	-	(42,239,420)	(6,767,543)
Balance at April 30, 2011	$26,874,276	$32,373,751	$ 360,633	$ 24,257,969	$83,866,629
Accumulated depreciation					
Balance at May 1, 2010	$ 515,796	$ -	$ -	$ -	$ 515,796
Charge for the period	376,878	1,162,934	-	-	1,539,812
Disposals	(94,264)	-	-	-	(94,264)
Balance at April 30, 2011	$ 798,410	$ 1,162,934	$ -	$ -	$ 1,961,344
Net book value at April 30, 2011	$26,075,866	$31,210,817	$ 360,633	$ 24,257,969	$81,905,285

5. Mine, mill and equipment (continued)

(a) Exploration and evaluation assets

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:

	Acquisition costs	Exploration Costs	Total July 31, 2011	Total April 30, 2011
Greater Waddy Lake	$ 6,179,345	$ 10,477,298	$ 16,656,643	16,656,643
Jolu	240,284	-	240,284	240,284
Komis	-	2,637,920	2,637,920	1,092,531
Decade	-	415,461	415,461	415,435
Golden Heart	-	896,463	896,463	896,463
EP	-	1,735,471	1,735,471	1,735,471
Other Properties[1]	881,218	2,339,871	3,221,089	3,221,142
Total	$ 7,300,847	$ 18,502,484	$ 25,803,331	$ 24,257,969

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

6. Notes Payable

	July 31, 2011	April 30, 2011
Notes Payable	$ 3,899,812	$ 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 is 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 has been completed as of October 4, 2011. The payments were made in eight monthly instalments. Each cash payment was 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).

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

The Company 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.

6. Notes Payable (continued)

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:

	July 31, 2011	April 30, 2011
Balance at beginning of period	$ 6,713,501	$ -
Issuance of note payable	-	7,282,825
Increase in fair value of note payable during the period since initial recognition	1,002,826	3,884,315
Unrealized foreign exchange (gain) loss on note payable	151,792	(793,189)
Repayments during the period	(3,968,307)	(3,660,450)
Balance at end of period	$ 3,899,812	$ 6,713,501

7. 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 at the time of the acquisition. The amount has been paid in full at the balance sheet date.

8. 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.

For the three months ended July 31, 2011, the Company recognized $437,170 (April 30, 2011 – ($495,656)) as a future income tax expense.

8. Income Taxes (continued)

The Company's CEE and CDE totaling $34,261,957 (April 30, 2011 – $30,761,974) can be carried forward indefinitely. The non-capital loss totaling $12,870,252 (April 30, 2011 – $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	2,191,055
Balance, July 31, 2011	$12,870,252

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

Balance, April 30, 2011	$ 2,967,305
Tax expense recognized in current period	437,170
Balance, January 31, 2011	$ 3,404,475

9. Asset Retirement Obligation

	July 31, 2011	April 30, 2011
Balance, beginning of period	$ 795,004	$ 673,900
Change in estimate	-	83,246
Accretion expense	9,937	37,856
Balance, end of period	804,941	795,004

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 estimated cash flows required to settle the retirement obligations is $920,316, which has been discounted using a rate of 5%. 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 $920,795 (April 30, 2011 – $386,071) has been pledged as security to a financial institution 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.

10. 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

The Company's issued share capital is as follows:

	July 31, 2011		April 30, 2011	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	284,717,355	$ 77,019,137	198,458,618	$ 49,157,118
Issued for property	-	-	-	-
Private placements	-	-	31,241,377	13,587,133
Fair value of warrants issued	-	-	-	(4,247,372)
Fair value of warrants issued to agents	-	-	-	(394,024)
Exercise of warrants	-	-	38,199,794	13,875,816
Exercise of stock options	-	-	1,842,316	554,097
Share issue cost on warrants	-	-	-	292,770
Future income tax recognized on share issue costs	-	-	-	351,293
Share issue costs	-	-	-	(1,197,200)
Flow-through shares	-	-	14,975,250	5,039,506
Balance, end of period	284,717,355	$ 77,019,137	284,717,355	$ 77,019,137

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. Stock options are for a five-year term in accordance with Company policy. Up to 10 percent of the Company's outstanding common shares may be granted to the Company's directors, officers, employees and consultants. As of July 31, 2011 the aggregate number of common shares that may be issued under the stock option plan shall not exceed 28,471,736.

The following table provides a continuity of stock options outstanding and the weighted average share prices for which shares have been reserved.

10. Share Capital (continued)

	July 31, 2011		April 30, 2011	
	Number of Shares	**Weighted Average Exercise Price**	**Number of Shares**	**Weighted Average Exercise Price**
Outstanding, beginning of period	18,522,593	$0.38	17,118,361	$0.36
Granted	550,000	$0.36	5,785,000	$0.56
Expired	(100,000)	$0.30	(2,391,577)	$0.37
Forfeited	-	-	(146,875)	$0.30
Exercised	-	-	(1,842,316)	$0.30
Outstanding, end of period	18,972,593	$0.38	18,522,593	$0.38

The following summarizes information about stock option outstanding at July 31, 2011;

	Outstanding			Exercisable		
Exercise Price per Share	**Number of Options**	**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	2.70	1,301,653	$0.21	2.70
$0.25 - $0.34	9,790,940	$0.28	3.24	8,555,054	$0.27	3.12
$0.35 - $0.44	1,627,500	$0.41	1.94	1,218,125	$0.41	1.02
$0.45 - $0.54	2,017,500	$0.47	2.21	1,617,500	$0.47	1.65
$0.55 - $0.64	4,235,000	$0.60	4.32	2,151,875	$0.60	4.23
	18,972,593	$0.38	3.22	14,844,207	$0.35	2.91

Warrants

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

	July 31, 2011		April 30, 2011	
	Number of Warrants	**Weighted Average Exercise Price**	**Number of Warrants**	**Weighted Average Exercise Price**
Outstanding, beginning of period	45,074,980	$0.56	44,914,928	$0.38
Issued	-	-	41,373,347	$0.57
Expired	-	-	(3,013,501)	$0.62
Exercised	-	-	(38,199,794)	$0.35
Outstanding, end of period	45,074,980	$0.56	45,074,980	$0.56

11. Loss per Share

Basic loss per common share is computed by dividing loss applicable to common shares by the weighted average number of common shares issued and outstanding for the relevant period. Diluted loss per common share is computed by dividing loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding, and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

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. Loss per share at July 31, 2011 has been shown as nil as the amount is insignificant.

12. Capital Disclosures

The Company's objectives for managing capital are to ensure the Company's ability to continue as a going concern so that it can move towards the short term goal of profitable operations and long term goal of continued successful exploration efforts.

The Company considers the items included in shareholders' equity to be capital. The Company relies on equity financing in order to fund future exploration and development and makes adjustments to the Company's 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 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 exploration activities. Additional funding will be required in order to undertake planned development and production activities; however 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.

13. Financial Instruments

Financial instruments measured at fair value are categorized into a hierarchy based on the technique used to value the instrument.

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.

13. Financial Instruments (continued)

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	$ 2,390,629	$ -	$ -
Reclamation bond	920,795	-	-
Notes payable	-	-	3,899,812
Total	$ 3,311,424	$ -	$ 3,899,812

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	$6,713,501
Change in value on statement of operations	1,154,618
Repayment on note payable	(3,968,307)
Balance end of period	$3,899,812

Accounts payable and accrued liabilities are classified as other financial liabilities and are carried at amortized cost. Due to the short term nature of accounts payable and accrued liabilities, carrying amounts approximate fair value.

The Company has designated a note payable at fair value through profit and loss. 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 fair value through profit and loss.

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. As the valuation model results in a different estimate of fair value on initial recognition compared to the transaction price, the ‘day one loss’ is not recognized immediately in the income statement due to the presence of unobservable market inputs. The deferred ‘day one loss’ is recognized over the estimated term of the loan. The loan is subsequently measured on the balance sheet at fair value, adjusted for the deferred unrecognized day one loss. Subsequent changes in the fair value of the loan are recognized immediately in the statement of operations.

13. Financial Instruments (continued)

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 July 31, 2011 the Company has current assets of $7,363,283 to settle current liabilities of $19,939,526, 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.

14. Explanation of transition to IFRS

As stated in Note 3, these are the Company's first interim financial statements prepared in accordance with IFRS. The Company has applied some of the optional exemptions and the mandatory exemptions outlined by IFRS 1. These are as follows:

Business combinations

IFRS 1 provides the option to avoid full retrospective application of IFRS 3, *Business Combinations.* The Company has applied this option and has not restated business combinations that occurred before the date of transition to IFRS, May 1, 2010.

Share-based payments

IFRS 1 allows first-time adopters to apply IFRS 2, *Share-based Payments*, only to equity instruments which had not fully vested at the transition date. The Company has elected to apply this exemption and will not apply IFRS 2 to share-based payments that were fully vested at May 1, 2010.

Asset retirement obligations

IFRS 1 provides for an exemption from a full retrospective application of IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*. The Company has elected to apply this exemption to the asset retirement obligation.

Estimates

IFRS 1 prohibits the use of hindsight to adjust estimates made previously under Canadian GAAP unless the estimates used do not comply with IFRS. The Company has complied with this mandatory exemption.

GOLDEN BAND RESOURCES INC.

Notes to Interim Financial Statements
For the three months ended July 31, 2011

Reconciliation of statement of financial position
(In thousands of Canadian dollars)

		As at May 1, 2010			As at July 31, 2010			As at April 30, 2011		
	Note	**GAAP**	**Effect of transition to IFRS**	**IFRS**	**GAAP**	**Effect of transition to IFRS**	**IFRS**	**GAAP**	**Effect of transition to IFRS**	**IFRS**
Current assets										
Cash		$ 3,778	$ -	$ 3,778	$ 1,050	$ -	$ 1,050	$ 3,427	$ -	$ 3,427
Accounts receivable		186		186	370		370	2,461	-	2,461
Prepaid expenses		41		41	32		32	304	-	304
Inventory		-		-	-		-	3,188	-	3,188
		4,005		4,005	1,452		1,452	9,380	-	9,380
Reclamation bond		386		386	386	-	386	386	-	386
Mine, mill and equipment	a)	40,356	318	40,674	46,657	318	46,974	81,640	266	81,906
		$ 44,747	$ 318	$ 45,065	$ 48,495	$ 318	$ 48,812	$ 91,406	$ 266	$ 91,672
Current liabilities										
Accounts payable		$ 1,270	$ -	$ 1,270	$ 2,012	$ -	$ 2,012	$ 13,677	$ 401	$ 14,078
Notes payable		-		-	-	-	-	6,714	-	6,714
Lease and property tax payable		227		227	227	-	227	111	-	111
		1,497		1,497	2,239	-	2,239	20,502	401	20,903
Asset retirement obligation	a)	356	318	674	356	318	674	575	220	795
Deferred tax liability		1,998		1,998	1,564	-	1,564	2,967	-	2,967
		3,851	318	4,169	4,159	318	4,477	24,044	621	24,665
Shareholders' equity										
Share capital	b)	48,995	162	49,157	53,169	157	53,325	78,182	(1,163)	77,019
Contributed surplus	c)	4,977	299	5,276	4,894	278	5,172	8,521	510	9,030
Deficit	a), b), c)	(13,076)	(461)	(13,537)	(13,727)	(435)	(14,162)	(19,340)	298	(19,042)
		$ 44,747	$ 318	$ 45,065	$ 48,495	$ 318	$ 48,812	$ 91,406	$ 266	$ 91,672

GOLDEN BAND RESOURCES INC.

Notes to Interim Financial Statements
For the three months ended July 31, 2011

Reconciliation of comprehensive loss
In thousands of Canadian dollars

		Three months ended July 31, 2010			Year ended April 30, 2011		
	Note	**GAAP**	**Effect of transition to IFRS**	**IFRS**	**GAAP**	**Effect of transition to IFRS**	**IFRS**
Revenue		$ -	$ -	$ -	$ 4,206	$ -	$ 4,206
Cost of sales							
Operating expense		-	-	-	2,217		2,217
Depletion and amortization	d)	-	-	-	801	(83)	718
		-	-	-	1,188	(83)	1,271
Expenses							
General and administrative expenses	a)	$ 423	$ -	$ 423	$ 2,103	38	$ 2,141
Share-based compensation	c)	197	(27)	170	1,287	81	1,368
Wages and benefits		125	-	125	1,038	-	1,038
Amortization		57	-	57	155	-	155
Loss from operations		$ 802	$ (27)	$ 775	$ 3,395	$ 36	$ 3,431
Other income		(21)	-	(21)	(519)	-	(519)
Increase in fair value of notes payable		-	-	-	3,884	-	3,884
Loss before income taxes		$ 781	$ (27)	$ 754	$ 6,760	$ 36	$ 6,796
Future income tax recovery	b)	(129)	-	(129)	(496)	(795)	(1,291)
Net and comprehensive loss		$ 652	$ (27)	$ 625	$ 6,264	$ 759	$ 5,505

Notes to the reconciliations:

a) Asset retirement obligation

Under IFRS, an asset retirement obligation and the related asset are to be measured at the best estimate of the expenditure to be incurred. The provision is discounted at a rate which reflects the risks specific to the asset retirement. This obligation is adjusted each period for any changes in the amount or timing of cash flows, changes in the discount rate and the unwinding of the discount.

The Company recorded an adjustment to the opening asset retirement obligation and the related asset at May 1, 2010. Both the asset and obligation were increased by $317,570 due to a change in the discount rate used to value the obligation. The asset retirement obligation asset and liability were reduced by $51,572 at April 30, 2011 to again reflect a change in the discount rate used. This also reduced accretion expense by $45,638 at April 30, 2011.

b) Flow-through shares

IFRS requires a liability to be recognized for the difference in the amount received for flow-through shares over the fair value of the shares at the time of the issuance. When the related expenses are renounced, the premium is recorded as income and a deferred tax liability is recognized for the effect of the renunciation. IFRS requires the corresponding amount to be recorded as an expense in the statement of loss and comprehensive loss, whereas Canadian GAAP required a reduction to share capital.

b) Flow-through shares (continued)

The Company recorded an increase to share capital and a decrease to the accumulated deficit in the amount of $162,287 at the date of transition. A liability was recognized at April 30, 2011 for the premium received for flow-through shares issued in fiscal 2011 in the amount of $400,540. Share capital decreased by $1,163,149, while deferred tax expense increased by $795,900 at April 30, 2011.

c) Share-based payments

Under Canadian GAAP, stock options which were subject to graded vesting were accounted for as one award transaction. Under IFRS, each vesting tranche is recorded as a separate award transaction and each tranche is amortized over its vesting period. This results in an accelerated recognition of share-based compensation expense. Also, IFRS requires compensation expense to be adjusted for options that are not expected to vest, such as forfeited options.

The Company recorded an increase to contributed surplus and accumulated deficit at May 1, 2010 of $299,275. Share-based compensation expense decreased and contributed surplus increased by $26,563 at July 31, 2010. Compensation expense increased and contributed surplus decreased by $80,869 at April 30, 2011.

d) Accretion expense

IFRS requires accretion expense to be presented as a finance cost. Under Canadian GAAP, the Company presented accretion expense as an operating cost.