

GOLD CANYON RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

**YEAR ENDED
NOVEMBER 30, 2010**

AUDITORS' REPORT

To the Shareholders of
Gold Canyon Resources Inc.

We have audited the consolidated balance sheets of Gold Canyon Resources Inc. as at November 30, 2010 and 2009 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

March 3, 2011



GOLD CANYON RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
AS AT NOVEMBER 30

	2010	2009
ASSETS		
Current		
Cash	\$ 8,957,546	\$ 890,488
Receivables	173,469	12,622
Marketable securities (Note 3)	255,000	270,000
Prepaid expenses	<u>34,246</u>	<u>24,708</u>
	9,420,261	1,197,818
Restricted cash (Note 7)	17,250	17,250
Equipment (Note 4)	9,468	3,130
Reclamation bond (Note 5)	14,772	14,772
Mineral properties and deferred exploration costs (Note 5)	<u>23,152,082</u>	<u>18,433,984</u>
	<u>\$ 32,613,833</u>	<u>\$ 19,666,954</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 828,467	\$ 280,723
Due to related parties (Note 9)	<u>8,622</u>	<u>6,437</u>
	837,089	287,160
Future income tax liability (Note 11)	<u>554,000</u>	<u>1,192,000</u>
	<u>1,391,089</u>	<u>1,479,160</u>
Shareholders' equity		
Capital stock (Note 8)	39,251,838	26,184,110
Contributed surplus (Note 8)	5,041,767	3,386,438
Deficit	<u>(13,070,861)</u>	<u>(11,382,754)</u>
	<u>31,222,744</u>	<u>18,187,794</u>
	<u>\$ 32,613,833</u>	<u>\$ 19,666,954</u>

Nature and continuance of operations (Note 1)

Commitments (Note 15)

Subsequent events (Note 16)

On behalf of the Board:

"Akiko Levinson"

Director

"Ron Schmitz"

Director

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

GOLD CANYON RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED NOVEMBER 30

	2010	2009
ADMINISTRATION EXPENSES		
Amortization	\$ 1,396	\$ 1,096
Consulting	28,049	17,045
Foreign exchange	4,437	14,827
Insurance	12,234	21,674
Investor relations	114,986	60,965
Management fees	109,872	125,041
Office and miscellaneous	38,694	34,133
Printing	1,239	5,979
Professional fees	336,931	183,531
Property investigation (Note 6)	173,070	139,935
Regulatory fees	12,289	8,744
Salaries and benefits	57,738	50,070
Shareholder costs	32,580	17,772
Stock-based compensation (Note 8)	1,460,668	411,407
Telephone	8,401	8,812
Transfer agent fees	15,121	9,479
Travel and promotion	68,609	65,907
Website design and maintenance	3,821	3,360
	<u>(2,480,135)</u>	<u>(1,179,777)</u>
OTHER ITEMS		
Interest income	32,284	11,456
Other income	144,096	-
Management income	63,715	56,401
Write off mineral property costs (Note 5)	(71,067)	-
Unrealized gain (loss) of marketable securities (Note 3)	(15,000)	230,000
	<u>154,028</u>	<u>297,857</u>
Loss before income taxes	(2,326,107)	(881,920)
Future income tax recovery (expenses) (Note 11)	<u>638,000</u>	<u>(219,000)</u>
Loss for the year	(1,688,107)	(1,100,920)
Deficit, beginning of year	<u>(11,382,754)</u>	<u>(10,281,834)</u>
Deficit, end of year	<u>\$(13,070,861)</u>	<u>\$(11,382,754)</u>
Basic and diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>70,251,664</u>	<u>54,627,511</u>

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

GOLD CANYON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED NOVEMBER 30

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (1,688,107)	\$ (1,100,920)
Items not affecting cash:		
Amortization	1,396	1,096
Stock-based compensation	1,460,668	411,407
Write-off of mineral property costs	71,067	-
Unrealized (gain) loss of marketable securities	15,000	(230,000)
Future income tax expenses (recovery)	(638,000)	219,000
Changes in non-cash working capital items:		
Increase in receivables	(160,847)	(8,560)
Increase in prepaids	(9,538)	(20,333)
Increase in accounts payable and accrued liabilities	183,389	130,096
Increase (decrease) in amounts due to related parties	<u>2,185</u>	<u>(16,922)</u>
Net cash used in operating activities	<u>(762,787)</u>	<u>(615,136)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	14,250,036	510,000
Share issue costs	<u>(1,014,647)</u>	<u>(12,583)</u>
Net cash provided by financing activities	<u>13,235,389</u>	<u>497,417</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(7,734)	(1,287)
Acquisition of mineral properties	(74,575)	(83,475)
Deferred exploration costs	(4,323,235)	(824,335)
Recovery of mineral property and deferred exploration costs	<u>-</u>	<u>255,834</u>
Net cash used in investing activities	<u>(4,405,544)</u>	<u>(653,263)</u>
Change in cash for the year	8,067,058	(770,982)
Cash, beginning of the year	<u>890,488</u>	<u>1,661,470</u>
Cash, end of the year	\$ 8,957,546	\$ 890,488

Supplemental disclosures with respect to cash flows (Note 10)

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

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2010

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is considered to be in the exploration stage with respect to its interests in mineral properties. Based on the information available to date, the Company has not yet determined whether the mineral properties and deferred exploration costs contain economically recoverable ore reserves.

The recoverability of the amounts comprising mineral properties and deferred exploration costs is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Its ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financings, or generating profitable operations in the future.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	2010	2009
Working capital	\$ 8,583,172	\$ 910,658
Deficit	(13,070,861)	(11,382,754)

2. SIGNIFICANT ACCOUNTING POLICIES

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year.

Significant areas requiring use of management estimates include the determination of impairment of mineral properties and equipment; amounts of reclamation and environmental obligations, amortization rates for equipment; fair value of investments, future income tax assets and liabilities; and determination of the assumptions used in calculating fair value of stock-based compensation. While management believes the estimations are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and of its wholly owned subsidiaries, Gold Canyon Resources U.S.A. Inc. ("GCU USA") and Gold Canyon Kratz Spring, LLC ("Kratz Spring LLC"). GCU USA was incorporated on June 21, 2001 in the State of Nevada (continued to the state of Colorado on December 17, 2009). Kratz Spring LLC was incorporated on January 9, 2009 in the State of Colorado. All significant inter-company accounts and transactions have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Computer equipment	30%
Office furniture and fixtures	20%

Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash and marketable securities as held-for-trading. Receivables are classified as loans and receivables. Reclamation bond and restricted cash are classified as held-to-maturity. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Mineral properties and deferred exploration costs

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the probable and proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the assigned value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred 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 in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. The Company does not have any significant asset retirement obligations.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

Flow-through common shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. When flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statement of operations.

Foreign currency translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at rates which approximate those in effect on transaction dates. Exchange gains and losses arising on translation are included in the statement of operations.

The Company's foreign subsidiary is integrated with the Company and translated using the temporal method. Under this method, monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction date. Income and expenses are translated at rates which approximate those in effect on transaction dates. Gains and losses arising from restatement of foreign currency assets and liabilities are included in earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Stock-based compensation

The Company uses the fair value based method of accounting for all stock-based compensation.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Changes in accounting principles

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements

International financial reporting standards (“IFRS”)

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company will be December 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not yet been determined.

3. MARKETABLE SECURITIES

The Company holds 1,000,000 shares with a cost of \$182,500 (November 30, 2009 – 1,000,000 shares with a cost of \$182,500) in Guyana Frontier Mining Corp. (formerly Shoreham Resources Ltd.) (“Guyana”), a public company listed on the TSX Venture Exchange (“TSX-V”). The Company received these shares pursuant to a mineral property agreement on the Favourable Lake Project (Note 5). During the year ended November 30, 2010, the Company recognized an unrealized loss of \$15,000 (2009 – unrealized gain of \$230,000) as result of a change in fair value of the marketable securities.

4. EQUIPMENT

	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 10,942	\$ 4,942	\$ 6,000	\$ 5,908	\$ 3,851	\$ 2,057
Office furniture and fixtures	<u>3,987</u>	<u>519</u>	<u>3,468</u>	<u>1,288</u>	<u>215</u>	<u>1,073</u>
	<u>\$ 14,929</u>	<u>\$ 5,461</u>	<u>\$ 9,468</u>	<u>\$ 7,196</u>	<u>\$ 4,066</u>	<u>\$ 3,130</u>

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2010

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

2010	Springpole Project	Favourable Lake Project	Horseshoe Island Project	Cordero Gallium Project	Total
Acquisition costs	\$ 2,603,492	\$ -	\$ 138,467	\$ 164,678	\$ 2,906,670
Additions	<u>101,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,575</u>
Total, acquisition costs	<u>2,705,067</u>	<u>-</u>	<u>138,500</u>	<u>164,678</u>	<u>3,008,245</u>
Deferred exploration					
Opening balance	<u>11,785,999</u>	<u>1,574</u>	<u>400,887</u>	<u>3,338,854</u>	<u>15,527,314</u>
Assaying and data analysis	302,431	-	-	-	302,431
Camp costs	270,229	-	-	-	270,229
Drilling	1,615,046	-	-	-	1,615,046
Equipment rental	95,389	-	-	-	95,389
First nations consulting	17,572	-	-	-	17,572
Geological consulting	709,321	38	1,092	7,469	717,920
Labor	330,814	-	-	-	330,814
Land royalty payments	169,567	-	-	14,691	184,258
Material and supplies	115,657	-	-	-	115,657
Meals and lodging	26,474	-	-	177	26,651
Mobilization and demobilization	231,218	-	-	-	231,218
Repairs and maintenance	17,188	-	-	-	17,188
Reproduction and copying	2,158	-	-	-	2,158
Sample storage	12,805	-	581	4,918	18,304
Staking and maintenance fees	4,207	-	-	26,724	30,931
Telephone and communications	6,002	-	-	-	6,002
Travel, transport and shipping	<u>704,644</u>	<u>-</u>	<u>-</u>	<u>1,178</u>	<u>705,822</u>
	<u>4,630,722</u>	<u>38</u>	<u>1,673</u>	<u>55,157</u>	<u>4,687,590</u>
Write-off of staking costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,067)</u>	<u>(71,067)</u>
Total, deferred exploration costs	<u>16,416,721</u>	<u>1,612</u>	<u>402,560</u>	<u>3,322,944</u>	<u>20,143,837</u>
Total, mineral properties and deferred exploration costs	<u>\$ 19,121,788</u>	<u>\$ 1,612</u>	<u>\$ 541,060</u>	<u>\$ 3,487,622</u>	<u>\$ 23,152,082</u>

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2010

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

2009	Springpole Project	Favourable Lake Project	Horseshoe Island Project	Cordero Gallium Project	Kratz Spring Project	Total
Acquisition costs	\$ 2,730,992	\$ -	\$ 88,500	\$ 164,678	\$ -	\$ 2,984,170
Additions	22,500	-	50,000	-	10,975	83,475
Recoveries	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,975)</u>	<u>(160,975)</u>
Total, acquisition costs	<u>2,603,492</u>	<u>-</u>	<u>138,500</u>	<u>164,678</u>	<u>-</u>	<u>2,906,670</u>
Deferred exploration						
Opening balance	<u>11,077,131</u>	<u>-</u>	<u>358,467</u>	<u>3,288,199</u>	<u>16,815</u>	<u>14,740,612</u>
Assaying and data analysis	60,097	-	-	-	14,001	74,098
Camp costs	3,095	-	-	-	-	3,095
Equipment rental	3,125	-	-	-	-	3,125
Geological consulting	246,555	1,574	35,180	474	-	283,783
Insurance	3,250	-	3,250	-	-	6,500
Labor	86,009	-	-	-	20,598	106,607
Land royalty payments	198,896	-	-	13,911	-	212,807
Legal, title and search fees	-	-	-	-	14,917	14,917
Management and administration	-	-	-	-	4,954	4,954
Material and supplies	18,617	-	25	-	-	18,642
Meals and lodging	16,254	-	-	-	1,334	17,588
Reproduction and copying	-	-	434	-	-	434
Sample storage	6,556	-	1,636	5,172	-	13,364
Staking and maintenance fees	2,397	-	1,812	25,464	-	29,673
Telephone and communications	2,315	-	-	-	-	2,315
Thin sections	-	-	-	-	1,001	1,001
Transfer and deed registration	-	-	-	-	16,194	16,194
Travel, transport and shipping	<u>61,702</u>	<u>-</u>	<u>83</u>	<u>5,634</u>	<u>5,045</u>	<u>72,464</u>
	708,868	1,574	42,420	50,655	78,044	881,561
Recoveries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,859)</u>	<u>(94,859)</u>
Total, deferred exploration costs	<u>11,785,999</u>	<u>1,574</u>	<u>400,887</u>	<u>3,338,854</u>	<u>-</u>	<u>15,527,314</u>
Total, mineral properties and deferred exploration costs	\$ 14,389,491	\$ 1,574	\$ 539,387	\$ 3,503,532	\$ -	\$ 18,433,984

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Springpole Project

The Company owns, leases and has options on 100% interest in certain mineral claims in the Springpole Project located in the Red Lake Mining Division of Ontario. The properties are subject to three underlying agreements (all renewed during the year ended November 30, 2010) with the following obligations:

- a) Minimum annual advance royalty payments. These payments may vary from year to year due to escalation clauses.
- b) Net smelter returns royalty ("NSR") payments varying from 1 – 3% on each of the underlying agreements upon production.

Updates of the underlying agreements are as follows:

- i) The Company amended a lease agreement on exploration and mining rights to ten patented claims. The Company paid US\$27,000 on execution of the amended agreement. The lease term is twenty-one years expiring in April 2031 with lease payments as follows:

April 15, 2010 to April 14, 2011	US\$33,000 (paid)
April 15, 2011 to April 14, 2016	US\$50,000 per year
April 15, 2016 to April 14, 2021	US\$60,000 per year
April 15, 2021 to April 14, 2031	US\$80,000 per year

The lease is subject to a 3% NSR, of which the Company has the option to acquire up to 2% of the NSR at anytime for US\$1,000,000 per 1% of NSR.

Within the first five years of the execution of the lease, and renewable for an additional five years by payment of US\$25,000, the Company can purchase the patented claims from the owner and choose one of the following two purchase prices:

- Pay US\$4,000,000 to purchase claims with the vendor retaining a 2% NSR (of original 3% NSR)
- Pay US \$5,000,000 to purchase claims with the vendor retaining a 1% NSR (of original 3% NSR)

Furthermore, if the Company commences commercial production, the vendor has the right to force the Company to purchase the properties. The Company may choose one of the two buyout options listed above.

- ii) The Company also entered into an agreement with Jubilee Gold Inc. ("Jubilee") to amend substantially the terms of the royalties associated with the claims under the original agreement dated June 30, 1986.

The Company will also pay Jubilee an annual advanced royalty of \$70,000, which will be adjusted by the Consumer Price Index published by Stats Canada each year, payable within 90 days of each fiscal year end of the Company. The Company will issue a further 100,000 common shares to Jubilee upon each of the first to fifth anniversaries of the TSX-V approval of the agreement.

In consideration of the renegotiated royalties, the Company paid to Jubilee the sum of US\$50,000, issued 100,000 common shares of the Company (valued at \$27,000) and paid \$70,000 for the 2010 annual royalty fee.

The claims will be subject to a 3% NSR, 1% of such royalty redeemable by the Company at any time upon payment of \$1,000,000 to Jubilee.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Springpole Project (cont'd...)

- iii) The Company also paid US\$50,000 to renew another lease agreement with the landowner on fifteen Casummit Lake patented claims forming part of the Company's Springpole Gold Project. The annual lease payment is US\$35,000 expiring September 2014 but can be renewed for additional five year terms until September 2034 by making a renewal payment of US\$50,000 for each five year renewal. The Company has the option to purchase these claims for US\$2,000,000, subject to a 1% NSR with an option to buy back the NSR for US\$500,000.

In addition to the above agreements, the Company acquired additional claims for their mineral properties by paying \$136,000 and issuing 120,000 common shares over a five year period.

During the year ended November 30, 2009, Jipangu Inc. ("Jipangu"), a gold mining company from Japan made an investment in the Company. In consideration of a payment by Jipangu in the amount of \$400,000, the Company issued 2,500,000 common shares from treasury valued at \$250,000 and granted Jipangu certain rights of first refusal, valued at \$150,000 with respect to any sale, grant or other disposition of the Company's interest in the Springpole Gold property or any future financing of the Company for a period of one year from the closing of the investment. During the current year, this right of first refusal expired. The \$150,000 payment for the right of first refusal was recorded as a recovery of capitalized acquisition costs of the Springpole Project in fiscal year ended 2009.

Favourable Lake Project

In August 2005, the Company acquired the Favourable Lake property located in Ontario. On December 22, 2005, the Company entered into a mineral property agreement with Guyana pursuant to which, Guyana may exercise its option to acquire a 60% undivided interest in the Favorable Lake property.

The Company currently holds a 40% interest in a joint venture with Guyana. In March 2010, Guyana commenced an exploration program for which the Company elected not to participate in the funding and so will have its interest in the joint venture diluted accordingly.

Horseshoe Island Project

The Company acquired an assignment of an option to acquire 100% of certain contiguous mineral claims representing the Horseshoe Island Project held by Vital Resources Corp ("Vital"), on June 21, 2007.

Pursuant to the terms of the option, the Company paid to Vital \$25,000 and issued 50,000 common shares in the capital of the Company to Vital at a value of \$0.57 per share. The Company also paid \$85,000 over a 2 year period and incurred expenditures in the amount of \$25,000. The Company holds a 100% interest in the claims and the claims are subject to a 1.5% net smelter royalty in favour of the original optionors.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Cordero Gallium Project

i) Cordero Property

On June 22, 2001, the Company entered into an Assignment Agreement with Tech Industries Ltd. ("Tech") in which the Company acquired all of Tech's interest with respect to all minerals, except gold and silver, on the Cordero Property, located in Humboldt County, Nevada.

The initial term of the Assignment Agreement is fifteen years and may be renewed for up to fifteen additional years thereafter. Pursuant to the agreement, the Company must:

- a) pay Tech US\$5,000 upon execution of the agreement (paid);
- b) grant Tech a NSR of 3%;
- c) assume a 1% NSR payable to Cordero Mine Inc.; and
- d) advance minimum royalties totaling US\$7,000 (paid) on the first anniversary of the agreement, US\$8,000 (paid) on the second anniversary, and US\$10,000 per year throughout the remaining term of the Assignment Agreement which will be credited against future NSR's payable, if any.

The Company has a refundable reclamation bond totalling \$14,772 (US\$14,702) posted with the Nevada Department of Minerals relating to the exploration of the Cordero property.

ii) Caley Property

On June 26, 2001, the Company entered into a Lease Agreement with Tech. Similar to the arrangements related to the Cordero Property, the Company has acquired all of Tech's interest with respect to all minerals, except for gold and silver, on the Caley Property located in Humboldt County, Nevada.

The initial term of the agreement is fifteen years with three additional five year renewal terms thereafter. Pursuant to the remaining terms of the agreement, the Company must:

- a) grant Tech a NSR of 3%;
- b) assume a 1% NSR payable to Cordero Mine Inc.; and
- c) advance minimum royalties totaling US\$6,000 per year throughout the remaining term of the agreement which will be credited against future NSR's payable, if any.

The amended work commitment schedule requires \$300,000 in expenditures to be incurred on the property each year thereafter until 2016.

All expenditures are cumulative and excess expenditures in one or more years will be credited against future expenditure requirements. All expenditures in respect of mining operations on the Cordero property shall be included in the calculation of the expenditure requirements.

The Company signed a Mineral Lease and Assignment Amendment Agreement with Tech on February 6, 2008. Pursuant to the amendment agreement, in consideration of a payment of US\$50,000 the Company is entitled, at any time prior to the Company or its nominee(s) commencing commercial production on the properties, to acquire up to a 1.5% NSR as set out under the terms of the original assignment agreement (with respect to the Cordero Property) and the lease agreement (with respect to the Caley Property) at a price of US\$500,000 per 0.5% of NSR.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Cordero Gallium Project (cont'd...)

iii) **Mining Lode and Mill Site Claims**

In March 2008, the Company staked 102 Lode Mining Claims and 48 Mill Site Claims contiguous to its Cordero Gallium Project in Humboldt County, Nevada, USA. During the year the Company renewed 57 Lode Claims and did not renew the Mill Site Claims. Accordingly, the Company wrote off related staking costs of \$71,067.

Kratz Spring Rare Earth Element (“REE”) Project

In December 2008, the Company acquired 53 mineral property rights located in Franklin County, Missouri, USA by paying delinquent taxes and other costs.

The Company entered into a Joint Exploration Agreement (“JEA”) with Japan Oil, Gas and Metals National Corporation (“JOGMEC”) on January 22, 2009. Under the terms of the agreement, JOGMEC earned an 80% interest in the Kratz Spring Project by making an initial contribution of US\$75,000 and reimbursed the Company of all property expenses incurred before March 31, 2009.

No additional costs were incurred on the property during the year ended November 30, 2010.

6. JOINT EXPLORATION ALLIANCE

The Company entered into a joint exploration agreement with JEA on January 22, 2009. JOGMEC contributes 80% of the funding and holds an 80% option to all of the JEA projects. During the year ended November 30, 2010, the Company recovered \$562,990 (2009 - \$ 407,820) from JOGMEC, which is credited to project investigation costs on the consolidated statements of operations and deficit.

Kratz Spring LLC, as operator of the JEA, conducts REE project identification and exploration. The objective of the JEA is to identify, analyze and perform metallurgical evaluation leading to production of REEs. All the property investigation costs will be expensed as incurred until the Company assesses whether there is any future benefit from certain properties from possible production of REEs and then acquires the rights to the property.

7. RESTRICTED CASH

The Company has a corporate credit card, with a credit limit of \$15,000. As collateral for the credit card, the Company has a term deposit of \$17,250 maturing April 13, 2011.

GOLD CANYON RESOURCES INC.
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8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Issued:			
As at November 30, 2008	\$ 53,723,127	\$ 25,680,980	\$ 2,980,744
For cash			
Private placements	3,500,000	500,000	-
Exercise of stock options	100,000	10,000	-
Stock based compensation	-	-	411,407
Contributed surplus on exercise of stock options	-	5,713	(5,713)
Issue costs	-	(12,583)	-
As at November 30, 2009	57,323,127	26,184,110	3,386,438
For cash			
Private placements	29,996,032	13,860,000	-
Exercise of stock options	1,650,000	228,250	-
Exercise of warrants	464,286	161,786	-
For mineral property	100,000	27,000	-
Issue costs	-	(1,386,110)	-
Stock based compensation	-	-	1,460,668
Contributed surplus on exercise of stock options and agent's warrants	-	176,802	(176,802)
Valuation of agents' warrants in private placements	-	-	371,463
As at November 30, 2010	89,533,445	\$ 39,251,838	\$ 5,041,767

During the year ended November 30, 2010 the Company:

- a) Completed a non-brokered private placement of 7,142,858 units at \$0.21 per share for gross proceeds of \$1,500,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.35 per share until January 25, 2012. The Company paid finder's fees of \$75,000 and issued 428,571 finder's warrants exercisable at \$0.265 per share until January 25, 2012. The finder's warrants were valued at \$69,965 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.28%, an expected life of 2 years, annualized volatility of 144.07% and a dividend rate of 0%).
- b) Completed a private placement of 1,714,285 units at a price of \$0.21 per unit for gross proceeds of \$360,000. Each unit is comprised of one common share and one share purchase warrant exercisable at \$0.35 per share until February 8, 2012.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2010

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

- c) Completed a private placement offering of 6,250,000 flow-through share units at a price of \$0.32 per unit for gross proceeds of \$2,000,000. Each unit consists of one flow-through common share and one-half of one common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of \$0.42 per share expiring June 17, 2012. The Company paid a finder's fee in cash of \$160,000.
- d) Completed a private placement offering of 8,888,889 units at a price of \$0.45 per unit for gross proceeds of \$4,000,000. Each unit consists of one common share and one-half of one common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of \$0.65 per share expiring September 23, 2012. The Company paid finder's fees in cash of \$139,125, and 371,000 share purchase warrants exercisable at a price of \$0.45 per share expiring September 23, 2012. The finder's warrants were valued at \$213,107 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.41%, an expected life of 2 years, annualized volatility of 147.79% and a dividend rate of 0%).
- e) Completed a private placement offering of 6,000,000 flow-through share units at a price of \$1.00 per unit for gross proceeds of \$6,000,000. Each unit consists of one flow-through common share and one-half of one common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of \$1.25 per share expiring October 29, 2012. The Company paid a finder's fee in cash of \$420,000, and 180,000 share purchase warrants exercisable at a price of \$1.25 per share expiring October 29, 2012. The finder's warrants were valued at \$88,391 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.45%, an expected life of 2 years, annualized volatility of 128.31% and a dividend rate of 0%).
- f) Issued 1,650,000 common shares for gross proceeds of \$228,250 pursuant to the exercise of stock options.
- g) Issued 464,286 common shares for gross proceeds of \$161,786 pursuant to the exercise of warrants
- h) Issued 100,000 common shares valued at \$27,000 to Jubilee pursuant to the amended agreement on five patented claims on the Springpole Gold Project (Note 5).

During the year ended November 30, 2009 the Company:

- a) Issued 2,500,000 common shares from treasury for gross proceeds of \$250,000 to Jipangu as consideration for Jipangu's strategic investment in the Company (Note 5).
- b) Completed a non-brokered private placement of 1,000,000 units at \$0.25 per share for gross proceeds of \$250,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.40 per share until September 18, 2011.
- c) Issued 100,000 common shares for gross proceeds of \$10,000 pursuant to the exercise of stock options.

Stock options

The Company, in accordance with its stock option plan, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of its issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three month period.

GOLD CANYON RESOURCES INC.
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8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	5,320,000	\$ 0.21	3,841,000	\$ 0.44
Exercised	(1,650,000)	0.14	(100,000)	0.10
Granted	4,335,000	0.61	4,345,000	0.14
Expired/cancelled	<u>(1,075,000)</u>	0.48	<u>(2,766,000)</u>	0.42
Outstanding, end of year	6,930,000	0.43	5,320,000	0.21
Options exercisable, end of year	6,780,000	\$ 0.43	5,320,000	\$ 0.21

Stock options outstanding at November 30, 2010 are as follows:

Number Of Options	Exercise Price	Expiry Date
1,150,000	\$ 0.10	February 13, 2011 (subsequently exercised)
825,000	0.10	June 12, 2011
100,000	0.10	August 7, 2011
820,000	0.31	October 5, 2011
100,000	0.25	October 23, 2011
1,670,000	0.24	February 26, 2012
265,000	0.45	August 31, 2012
<u>2,000,000</u>	1.00	October 13, 2012
6,930,000		

GOLD CANYON RESOURCES INC.
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8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants

Warrant transactions and the number of warrant outstanding are summarized as follows:

	2010		2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	7,463,600	\$ 0.66	9,463,600	\$ 0.61
Exercised	(464,286)	0.35	-	-
Granted	20,406,160	0.57	1,000,000	0.40
Expired/cancelled	<u>(6,463,600)</u>	0.70	<u>(3,000,000)</u>	0.43
Outstanding, end of year	20,941,874	\$ 0.56	7,463,600	\$ 0.66
Warrants exercisable, end of year	20,941,874	\$ 0.56	7,463,600	\$ 0.66

Warrants outstanding at November 30, 2010 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,000,000	\$ 0.40	September 29, 2011
7,142,858	0.35	January 25, 2012
214,285	0.265	January 25, 2012
1,714,285	0.35	February 8, 2012
2,875,002	0.42	June 17, 2012
4,444,444	0.65	September 23, 2012
371,000	0.45	September 23, 2012
<u>3,180,000</u>	1.25	October 29, 2012
20,941,874		

Stock-based compensation

During the year ended November 30, 2010, the Company granted 4,335,000 (2009 – 4,345,000) stock options to employees, directors, officers and consultants of which, 4,185,000 are fully vested at November 30, 2010. The estimated weighted average fair value of these options was \$0.35 (2009 - \$0.09). The estimated total fair value of vested stock options during the year is \$1,460,668 (2009 - \$411,407). This amount has been expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity.

GOLD CANYON RESOURCES INC.
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8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock-based compensation (cont'd...)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2010	2009
Risk-free interest rate	1.34%	1.25%
Expected life of options	2.0 years	2.0 years
Annualized volatility	128.86%	130.15%
Dividend rate	0.00%	0.00%

9. DUE TO RELATED PARTIES

The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended November 30, 2010, the Company entered into transactions with related parties as follows:

- a) Paid or accrued management fees and employee benefits of \$109,872 (2009 - \$125,041) to three directors of the Company.
- b) Paid or accrued \$156,077 (2009 - \$92,645) for accounting and administrative services, included in professional fees, to a company of which a director is president.
- c) Paid or accrued \$2,500 (2009 - \$12,000) for geological consulting fees, which are included in deferred exploration costs, to a former officer of the Company.
- d) Paid or accrued \$242,637 (2009 - \$191,016) in consulting fees to a director of the Company of which \$1,347 (2009 - \$7,548) are capitalized to geological consulting fees, \$8,049 (2009 - \$17,045) are expensed as consulting fees, \$47,847 (2009 - \$34,823) are expensed as property investigation cost and \$185,394 (2009 - \$131,600) were recovered from JOGMEC pursuant to the JEA.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

The Company entered into a management consulting agreement effective May 1, 2007 with the president of the Company for management services and administration services expiring May 1, 2012. Effective May 1, 2008, the management fee increased to \$7,000 a month from \$4,000 a month.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2010	2009
Cash paid during the period for income taxes	\$ -	\$ -
Cash paid during the period for interest	\$ -	\$ -

The significant non-cash transactions for the year ended November 30, 2010 were as follows:

- a) Included in year end accounts payable are \$447,037 related to deferred exploration costs.
- b) The allocation of \$176,802 for stock options and agents's warrants exercised during the year to capital stock from contributed surplus.
- c) The issuance of 100,000 common shares valued at \$27,000 to Jubilee pursuant to the amended agreement on five patented claims on the Springpole Gold Project (Note 5).
- d) The issuance of 551,000 warrants as finder's fees with a value of \$371,463.

The significant non-cash transactions for the year ended November 30, 2009 were as follows:

- a) Included in year end accounts payable are \$112,682 related to deferred exploration costs.
- b) The allocation of \$5,712 for stock options exercised during the year to capital stock from contributed surplus.

11. INCOME TAXES

A reconciliation of current income taxes at statutory rates with reported taxes is as follows:

	2010	2009
Loss before income taxes	\$ (2,326,107)	\$ (881,920)
Income tax recovery at statutory rates	\$ (665,848)	\$ (264,946)
Non tax deductible expenditures	78,353	632,576
Unrecognized non-capital losses and deferred resource expenses	(50,505)	(148,630)
Future income tax expense (recovery)	\$ (638,000)	\$ 219,000

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. INCOME TAXES (cont'd...)

The tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	2010	2009
Future tax assets:		
Financing costs	\$ 227,000	\$ 49,000
Losses available for future periods	846,000	211,000
Federal pre-production income tax credit	385,000	75,000
Timing adjustment for flow-through expenditures incurred but not renounced	<u>625,000</u>	<u>-</u>
	2,083,000	335,000
Future income tax liabilities:		
Difference between book and tax values of mineral properties and deferred exploration costs	<u>(2,637,000)</u>	<u>(1,527,000)</u>
Net future tax liabilities	<u>\$ (554,000)</u>	<u>\$ (1,192,000)</u>

Temporary differences giving rise to the future tax liabilities are primarily the result of net operating loss carry-forwards and mineral exploration expenses available to offset future taxable income. As of November 30, 2010, the total of these net operating losses was approximately \$1,918,000 (2009 – \$845,000). The right to claim the net operating loss carryovers will expire at various dates through the taxation year ending November 30, 2030.

The Company recognized a future income tax liability of \$ 638,000 (2009 - \$1,192,000).

12. SEGMENTED INFORMATION

The Company conducts all of its operations in North America in one business segment, being the exploration and development of mineral properties. Geographic information is as follows:

	Equipment	Mineral Properties and Deferred Exploration Costs
2010		
Canada	\$ 9,468	\$ 19,664,460
United States	<u>-</u>	<u>3,487,622</u>
	<u>\$ 9,468</u>	<u>\$ 23,152,082</u>
2009		
Canada	\$ 3,130	\$ 14,930,451
United States	<u>-</u>	<u>3,503,533</u>
	<u>\$ 3,130</u>	<u>\$ 18,433,984</u>

GOLD CANYON RESOURCES INC.
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13. FINANCIAL INSTRUMENTS

Fair value

The carrying value of restricted cash, reclamation bond, receivables and accounts payable and accrued liabilities and due to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 8,957,546	\$ -	\$ -	\$ 8,957,546
Marketable securities	<u>255,000</u>	<u>-</u>	<u>-</u>	<u>255,000</u>
Total	\$ 9,212,546	\$ -	\$ -	\$ 9,212,546

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the balance sheet and arises from the Company's cash, receivables, marketable securities, restricted cash, and reclamation bonds.

The Company's cash and restricted cash are held with high-credit quality financial institutions. The reclamation bonds are held with Nevada Bureau of Land Management. Receivables mainly consist of harmonized services tax due from the Federal Government of Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipating investing and financing activities. As at November 30, 2010, the Company had cash of \$8,957,546 to settle current liabilities of \$837,089, which have contractual maturities of less than 30 days and are subject to normal trade terms.

13. FINANCIAL INSTRUMENTS (cont'd...)

Market risk

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

i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

ii) Foreign exchange rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying values of cash, receivables, restricted cash, reclamation bonds accounts payable and accrued liabilities, and due to related parties approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk, liquidity risk or market risk.

14. CAPITAL DISCLOSURES

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to meet the Company's property exploration plans and to ensure the growth of activities.

In the management of capital, the Company includes shareholders' equity and working capital in the definition of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

GOLD CANYON RESOURCES INC.
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15. COMMITMENTS

The Company extended the lease agreement for its office premises commencing September 1, 2010 and ending August 31, 2015. Minimum lease payments are as follows:

2011	\$15,334
2012	15,683
2013	16,728
2014	16,902
2015	<u>13,069</u>
	<u>\$77,716</u>

16. SUBSEQUENT EVENTS

The following events occurred subsequent to November 30, 2010:

- i) Issued 1,700,000 common shares for gross proceeds of \$240,000 pursuant to the exercise of stock options.
- ii) Issued 751,611 common shares for gross proceeds of \$422,780 pursuant to the exercise of warrants.
- iii) Granted 180,000 stock options exercisable at \$2.28 per share expiring December 20, 2012.
- iv) Granted 75,000 stock options exercisable at \$2.45 per share expiring February 2, 2013.