

Form 51-102F1
Management Discussion and Analysis
For
Freegold Ventures Limited

MANAGEMENT DISCUSSION & ANALYSIS

The following discussion and analysis is management's assessment of the results and financial condition of Freegold Ventures Limited (the "Company" or "Freegold") for the three and nine month periods ended September 30th, 2011 and should be read in conjunction with the condensed consolidated financial statements for the three and nine month periods ended September 30th, 2011 and related notes contained in the report. All amounts are expressed in Canadian dollars unless otherwise noted. The date of this management's discussion and analysis is November 9th, 2011. Additional information on the Company, including its annual information form, is available on SEDAR at www.sedar.com.

Business of Freegold

Freegold is an exploration stage company engaged in the acquisition, exploration and evaluation of mineral properties of merit with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation.

Forward looking statements

Certain information included in this discussion may constitute forward-looking information within the meaning of Canadian securities laws including, without limitation, statements and information regarding the Company's exploration operations and financing needs. Such forward-looking information reflects the current expectations or beliefs of the Company. Forward-looking information is subject to a number of risks, assumptions and uncertainties that may cause the actual results of the Company to differ materially from those discussed herein, including the possibility that future exploration results will not be consistent with the Company's expectations, the uncertainties involved in interpreting exploration results, other inherent risks in the mineral exploration and development industry and the possibility that the Company may not be able to obtain the necessary financing to carry out its business plan. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that expectations, predictions, forecasts, projections and other form of forward-looking information will not be achieved by the Company. A change in any one of these factors could cause actual events or results to differ materially from those projected in the forward-looking information. Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, the Company can give no assurance that such expectations will prove to be correct. Forward-looking statements and information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. The forward-looking statements and information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified herein, the Company has made assumptions regarding, among other things, the ability to conduct exploration activities in a timely manner, the availability and costs of financing, and other risks and uncertainties described elsewhere in this document or in the Company's other filings with Canadian securities authorities. Such forward-looking information speaks only as of the date on which it is made and, unless required by applicable securities laws, the Company undertakes no obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

Corporate update

The Company remains focused on gold exploration in Alaska and has three primary projects: Golden Summit, Vinasale Gold and the Rob projects. Exploration in 2011 includes the completion of diamond drill programs on all three projects.

National Instrument 43-101 ("NI 43-101") resource calculations were completed on both the Vinasale Gold and Golden Summit projects during the 1st quarter of 2011. The results of the 2011 drill programs from the Vinasale and Golden Summit projects are expected to be incorporated into updated NI 43-101 compliant resource calculations by year end.

In February 2011, the Company strengthened its management team with the appointment of Mr. Alvin W. Jackson, P.Geo. to the position of Vice President Exploration and Development. Mr. Jackson has been a Director of Freegold since March 2010. Mr. Jackson was instrumental in the development of EuroZinc Mining Corporation, which acquired the Aljustrel zinc-lead project and the Neves-Corvo copper mine, both located in southern Portugal. As a result of those acquisitions, EuroZinc grew to a market capitalization of over \$1.8 billion before merging with Lundin Mining in 2006. Mr. Jackson has over 40 years experience in mineral exploration and mine development and was directly involved in the exploration and development of two major gold deposits and one porphyry copper deposit, all of which subsequently became producers. The Company also accepted the resignation of its former Vice President Exploration, Mr. Michael Gross, who had been VP Exploration since March 2006. Mr. Gross will continue to act in a consulting capacity for the Company.

In addition, Mr. Garnet Dawson, P.Geo. joined the Freegold Board in February. Mr. Dawson is presently Vice President, Exploration of Brazilian Gold Corporation and is a registered Professional Geologist (APEGBC) with 28 years of domestic and international exploration experience. He was the former Vice President, Exploration of EuroZinc Mining Corporation before it merged with Lundin Mining in 2006. Prior to joining EuroZinc, he consulted internationally and held a number of positions with Battle Mountain Canada Inc., British Columbia Geological Survey and Esso Minerals Canada Ltd. He holds a Bachelors of Science in Geology from the University of Manitoba and a Masters of Science in Economic Geology from the University of British Columbia.

Changes in Capitalization and Financing Activities

On January 18th, 2011, the Company issued 750,000 shares pursuant to the July 6th, 2010 settlement agreement with Western Standard Metals Ltd. ("Western Standard"). The Company consented to the termination of both the Vinasale and Golden Summit Option Agreements with Western Standard whereby Western Standard was to relinquish its option to earn a 50% undivided interest in each of the Vinasale and the Golden Summit properties. In consideration for the early termination, the Company agreed to issue Western Standard a total of 750,000 common shares of the Company subject to Western Standard paying certain creditors related to the 2010 exploration program on the Vinasale and Golden Summit properties. A reimbursement of mineral property exploration expenditures of \$69,201 for the Golden Summit project and \$200,799 for the Vinasale project has been recorded in the accounts for the year ended December 31st, 2010.

On February 2nd, 2011, the Company issued 500,000 share purchase warrants to its convertible loan lenders with an exercise price of \$0.60, expiring on February 2nd, 2012.

On March 16th, 2011, the Company closed a non-brokered private placement of 4,583,331 Units, priced at \$0.48 per Unit to raise gross proceeds of \$2.2 million. Each Unit consisted of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire an additional common share at a price of \$0.59 until March 16, 2012 and at a price of \$0.65 until March 16, 2013.

On August 22nd, 2011, the Company closed a non-brokered private placement of 7,218,536 Units, priced at \$0.55 per Unit to raise gross proceeds of \$4.0 million. Each Unit consisted of one common share and one

half common share purchase warrant. Each warrant will entitle the holder to acquire an additional common share at a price of \$0.75 until August 22, 2012.

During the period ended September 30, 2011, 7,168,521 warrants were exercised for gross proceeds of \$3,076,408 and 254,166 stock options were exercised for gross proceeds of \$126,500.

Review of Exploration Projects

Golden Summit Project, Alaska

Since 1992, Freegold has been exploring the Golden Summit Project – located 20 miles north of Fairbanks, Alaska, and less than 5 miles from one of Alaska's largest gold mines (Kinross' 350,000 oz/year Fort Knox Mine). Freegold's 7-mile long by 1 to 2 mile wide Golden Summit property is located at the center of the historic Fairbanks mining district. This property contains over 80 known gold occurrences, and has hosted the district's largest and highest-grade historic underground gold producers. In the following discussion, gold is sometimes abbreviated by its elemental symbol, "Au"; and "g/t" or "gpt" refers to grams of gold per metric tonne.

Detailed exploration conducted to date covers only a small portion (1.2 miles) of the 7 mile long property. The balance of the property contains numerous old mines and prospects that have not been systematically explored, including areas with a greater density of identified gold-bearing veins and shear zones than exists in the Cleary Hill area where the Company has focused its exploration efforts in the last year. An airborne geophysical survey over the entire property in 2007 also suggests that there are numerous other areas on the property that are prospective for hosting gold mineralization. Significant near surface bulk tonnage potential may exist in these areas in addition to the virtually unexplored depth potential of Golden Summit. In December of 2010 the Company entered into a long term lease agreement on additional property in the Golden Summit area and expanded the property holdings at Golden Summit by an additional 216 state claims. The Company also leased an additional 140 acres of patented lands consisting of 7 patented claims hosting several prospects and past producing mines.

In order to further advance the project the Company undertook a small geophysical program on the Golden Summit project in July 2010. A total of 26 line kms were completed and the results show good correlation with areas of known mineralization. As there is reasonable density of drilling in the Dolphin area (western property area) the Company undertook the first NI 43-101 resource calculation on the Golden Summit Project. The full report entitled, "*Geology and Mineralization and Mineral Resource Estimate for the Golden Summit Project, Fairbanks Mining District, Alaska*" by David D. Adams, BS, MS, P. Geo. and Gary H. Giroux, P. Eng, MASc., dated March 31, 2011, was filed on SEDAR as "Amended & restated technical report (NI 43-101), on April 1, 2011. Using a 0.3 g/t as a possible open pit cutoff (the economic cut-off being unknown), this effort resulted in estimated indicated and inferred resources as follows:

- Total indicated resource is 7,790,000 tonnes @ 0.695 gpt Au for a total of 174,000 contained gold ounces.
- Total inferred resource is 27,010,000 tonnes @ 0.606 gpt Au for a total of 526,000 contained gold ounces.

Exploration 2011

A planned 5,000 metre diamond drilling program commenced in mid February on the Dolphin prospect and areas covered by the 2010 induced polarization survey. This program was expanded in May and a total of 6,328 metres were completed by the end of June in 28 holes. The program was aimed at expanding and upgrading the existing historical resources located in the Dolphin area. The Dolphin Zone area is located at the western edge of the Golden Summit property, and covers a 400 metre by 400 metre area.

On June 13th, 2011 the Company reported the first of the drill results from the 2011 Phase One program. The first six holes were drilled within the main intrusive of the Dolphin Zone and were designed to both expand the resource to the south and to depth. Hole GSDC-11-32 was drilled to a depth of 452 metres and was a step out 60 metres to the southwest of hole TLD98-01 which was previously the deepest hole on the property. Hole TLD 98-01 was vertical hole drilled to a depth of 315 metres. Hole TLD 98-01 intersected 161 metres from 11 metres to 172 metres which averaged 0.65 g/t Au as well as 47 metres which averaged 1.7 g/t from 245m to 292 m.

Hole GSDC -11-32 is mineralized throughout the entire hole and remains open to depth; the hole graded 452 m at 0.68g/t Au and included a higher grade interval that graded 0.81g/t Au over 166.4 metres. The bottom 19.8 metres of the hole averaged 0.79 g/t Au with the last 4.6 metres averaging 1.3 g/t Au.

Hole Number	From	To	Interval (m)	Au g/t
GSDC-11-27	108.5	158.2	49.7	0.66
GSDC-11-27	230.4	256.8	26.4	0.47
GSDC-11-28	11.6	184.4	172.8	0.43
GSDC-11-29	71.0	125.9	54.9	0.82
GSDC-11-30	50.0	110.5	60.5	0.73
GSDC-11-31	169.0	194.0	26.0	0.50
GSDC-11-32	0	452.0	452.0	0.68
<i>including</i>	<i>11.6</i>	<i>178.0</i>	<i>166.4</i>	<i>0.81</i>
<i>including</i>	<i>226.8</i>	<i>452.0</i>	<i>225.2</i>	<i>0.72</i>

In early August the Company reported results from Hole GSDC 11-47. Hole GSDC 11-47 was drilled to a depth of 516 metres (1693 feet) in an effort to extend the current resource to depth. Hole GSDC 11-47 (21) was drilled 120 metres to the south of Hole TLD 98-01. Hole GSDC 11-47 returned an intercept of 1.03 g/t Au over 149 m including 43.3 m grading 1.69 g/t Au.

Mineralization in hole GSDC-11-47 is hosted in pervasively sericite-altered granodiorite and consists of multiple zones exhibiting polyphase quartz-sulfide sheeted veins and sulfide-only veinlets. Pervasive silicification and albitization also were noted at several locations in the hole. Sulfides average approximately 1%, primarily as disseminated pyrite and arsenopyrite with or without accompanying arsenopyrite-jamesonite-pyrite veinlets. The intensity of silicate alteration, sulfide veining and quartz veining increases to depth. This hole represents the deepest drill hole at Dolphin and explores an area not previously tested by deep drilling.

Other significant highlights from the Phase One program are included in the table below. Phase 2 drilling commenced in mid-summer at the Cleary Hill mine area. This phase of drilling is expected be completed by March 2012 and will comprise approximately 10,000 metres. To date approximately 4,000 metres of this program have been completed in the Cleary Hill area and the results will be incorporated into the first NI 43-101 compliant resource in that area, expected to be completed by year-end.

Highlights of Dolphin Phase One drilling:

Hole Number	Depth of Hole	From (ft)	To (ft)	Interval (ft)	Interval (m)	Au g/t
GSDC 11-35	624	279	424	145	42.7	0.61
		502	624	122	37.2	0.67
GSDC 11-37	644	0	389	389	118.6	0.57
GSDC 11-38	689	8.5	689	680.5	207.4	1
<i>incl</i>		214	457	243	74.1	2.3
GSDC 11-41	645.5	32	645.5	613.5	187	0.65
GSDC 11-43	657	0	657	657	200.3	0.85
GSDC 11-44	646	20	104	84	25.6	0.63
GSDC 11-45	655.5	88.5	166	77.5	23.6	0.8
		205	301	96	29.3	0.45
		327	433	106	32.3	0.43
		474	553	79	24.1	1.11
GSDC 11-46	651	31	131	100	30.5	0.23
		383.5	576	192.5	58.7	0.32
GSDC-11-47	1693.6	0.0	1693.6	1693.6	516.2	0.53
		1204.1	1693.6	489.5	149.2	1.03
		1461.9	1693.6	231.6	70.6	1.42
		1512.1	1653.9	141.7	43.3	1.69
GSDC 11-48	1558	89.5	288	198.5	60.5	0.39
		1161.5	1558	396.5	120.9	0.51
GSDC 11-49	1323	112	1323	1211	369.1	0.29
		179	239	60	18.3	0.4
GSDC 11-50	846	99	792	693	211.2	0.51

GSDC 11-51	944	109	293	184	56.1	0.68
		794	944	150	45.7	0.45
GSDC 11-52	333	5	44	39	11.9	0.47
		158	183	25	7.6	1.69
GSDC 11-53	326	11	58.5	47.5	14.5	0.86
GSDC 11-54	438	10	108	98	29.9	0.45
		281	366.5	85.5	26.1	0.75
		396.5	438	41.5	12.6	0.33

A ground based induced polarization geophysical survey was completed in order to delineate additional targets for the Phase 2 drilling program.

Vinasale Gold Project, Alaska

In 2007, Freegold signed an Exploration with Option to Lease agreement with Doyon Limited, an Alaskan regional native corporation, on the Vinasale gold project. Vinasale is located 16 air miles south of McGrath, Alaska in a north trending belt of igneous intrusion-related deposits that includes the 39.3 million ounce Donlin Creek deposit and the high grade Nixon Fork copper-gold deposit.

Gold mineralization was first discovered at Vinasale by Central Alaskan Gold Company ("CAG") in 1989. Exploration from 1990 to 1993 by CAG and their joint venture partner, Placer Dome, consisted of soil sampling, geophysics, diamond drilling (5,285 metres in 39 holes) and metallurgy. While the gold mineralization was found to be refractory, metallurgical testwork indicates that greater than 95% of the gold reports to the sulphide concentrate, thereby considerably reducing the volume of material required to be oxidized before extraction by cyanide. The Project was subsequently optioned by ASA-Montague and additional soil sampling, diamond drilling (5,262 metres in 26 holes) and metallurgy were completed in 1994. Drilling intersected significant gold values beneath multi-element soil anomalies in the Northeast, Central and South zones. Previous wide-spaced drilling northeast and southeast of the Central Zone indicates these areas may have potential for resource expansion while limited reconnaissance work has indicated that additional gold mineralization exists on the property outside the area known to contain resources.

Freegold's exploration program in 2007 was focused on evaluating the large land package surrounding the deposit, where limited systematic work has been conducted in the past. Freegold's efforts in 2007 included a stream, soil and rock sampling program. This program was followed up with a 1,788 line kilometre high resolution EM and Magnetic airborne geophysical survey. The focus of exploration in 2008 was directed towards mapping, sampling and geophysics aimed at expanding the known extent of the gold mineralization within the Central Zone. The program consisted of an Induced Polarization (IP) survey on areas north and north-east of the Central Zone. The preliminary results of geophysics indicated that the anomaly associated with the Central Zone, although weaker, continues to the north and the north-east, where there is thought to be potential to expand the known resources.

On December 31st, 2009, the Company optioned to Western Standard the right to earn a 50% interest in the Vinasale Property. As consideration, Western Standard paid Cdn \$350,000 to the Company and was to incur US\$6,500,000 in exploration and development expenditures over a 3 year period.

Drilling commenced on the project in July 2010. On July 6th, 2010, the Company and Western Standard terminated the option agreement on the Vinasale project. In consideration for the early termination, the Company agreed to issue Western Standard 557,775 common shares of the Company subject to Western Standard paying certain creditors related to the 2010 exploration program. A reimbursement of mineral property exploration expenditures of \$200,799 for the Vinasale project has been recorded in the accounts for the year ended December 31st, 2010. The Company felt that it would facilitate financings if the Company had the right to earn a 100% leasehold interest in the project.

Prior to the termination of the option agreement, Western Standard undertook an exploration program on the Vinasale property which resulted in the establishment of a camp and line cutting in preparation for a ground based geophysical survey.

Following the termination of the option agreement Freegold undertook a drilling program. A total of 6 holes were drilled for total footage of 6,386 feet (1,947m). The program was aimed at expanding the known resources as well as testing weaker geophysical anomalies to the northeast of known mineralization. The most significant results are reported as follows:

Hole Number	Total Depth (ft)	From	To	Interval (ft)	Oz/T	Interval (m)	g/t
VM10-01	1297	658	672	14	0.12	4.3	4.1
		790	1024	234	0.044	71.3	1.52
VM10-02	1407	657	677	20	0.16	6.1	5.34
		747	931	184	0.075	56.1	2.58
		1028.5	1212	183.5	0.046	55.9	1.58
		1297	1327	30	0.035	9.1	1.19
		1392	1399	7.5	0.058	2.3	1.98
VM10-6	790	87	197	110	0.011	33.5	0.4
		447	565.5	118.5	0.068	36.1	2.33
		627	680.5	53.5	0.037	16.3	1.28

“Oz/T” is troy ounces of gold per short ton; “g/t” is grams of gold per metric tonne

Hole VM10-01 is the northernmost hole drilled in the Central Zone. The hole intersected the mineralization approximately 100 metres west of the previously drilled VM94-26 which was a vertical hole drilled to a depth of 500 feet and was the last hole drilled on the project prior to this year. Hole VM94-26 intersected the mineralized zone from 368 to 458 feet (90ft at 0.066 oz/t Au) (27.4m at 2.28 g/t Au). The results of VM10-01 have confirmed the previous intersection and extended the mineralization to a vertical depth of 886 feet. Hole VM10-02 was collared approximately 60 metres southwest of hole VM 10-01. The hole was aimed at confirming and extending mineralization downdip from hole VM94-13, which was drilled to a depth of 930 feet. Hole VM94-13 intersected the mineralization from 95 - 870 feet (775 ft @ 0.048 oz/t Au) (237.7 m @ 1.64 g/t Au). Hole VM10-02 confirmed results of the previous drilling and extended the mineralization to a vertical depth of 1,212 feet. VM10-3, 10-04 and 10-5 were aimed at testing weaker geophysical anomalies. Anomalous values were intersected in hole VM10-03. Hole VM10-06 is a vertical hole terminated at a depth of 790 feet. It was drilled 50 metres west of hole VM94-26, and confirms mineralization to the west and to the north of that hole. To date mineralization in the Central Zone extends over a length of 400 metres and remains open to the north, south and to depth.

43-101 Compliant Resource Estimate

The Company completed the first NI 43-101 resource estimate on the Vinasale Project using a cutoff value of 0.5 grams/tonne (g/t Au) as a possible open pit cutoff (the economic cut-off being unknown). This effort resulted in an inferred resource of 37.3 million tonnes averaging 1.11 g/t Au for 1,331,000 ounces of gold during the first quarter of 2011. The full report entitled, "Geologic Summary and Mineral Resource Estimate Report for the Vinasale Gold Project, McGrath Mining District, Alaska" by David D. Adams, BS, MS, P. Geo. and Gary H. Giroux, P. Eng, MASc., dated March 31, 2011, was filed on SEDAR as "Amended & restated technical report (NI 43-101)" on April 1, 2011.

Exploration 2011

In 2011 the Company undertook another drilling program in addition to a ground geophysical survey (induced polarization) over the surface projection of the intrusive stock that is host to auriferous mineralization at Vinasale. Results of the induced polarization program indicate that in addition to the Central Zone, where all the drilling was conducted this year, a significant geophysical anomaly was defined in the North East Zone where limited previous drilling has indicated mineralization of similar character to the Central Zone. This area will be the focus of next year's planned 10,000 metre drill program aimed at significantly increasing the overall resource on the project. The results of the 2011 drilling program will be incorporated into an updated NI 43-101 compliant resource, which is expected to be completed by year-end.

A complete table of the 2011 drill results is shown below.

Hole Number	Total Depth (ft)	From	To	Interval (ft)	Interval (m)	g/t
VM11-01	976	917	957	40	12.2	0.70
VM11-02	657	615	657	42	12.8	1.89
VM11-03	1185	907	957	40	12.2	0.69
VM11-04 (Re-collared as VM 11-05)	190	No Significant Values				
VM11-05	714	No Significant Values				
VM11-06	877	356	407	51	15.5	0.81
		537	607	70	21.3	0.73
VM11-07	666	426	526	100	30.5	0.44
VM11-08	889	8	227	219	66.8	1.06
		373	597	224	68.3	0.75
		804	877	73	22.3	0.50
VM11-09	1167	287	667	380	115.8	1.48
VM11-10	1315	615	662	47	14.3	0.78
VM11-11	987	537	606	69	21.0	0.75

VM11-12	985	36.5	225	188.5	57.5	3.94
		463	577	114	34.7	2.01
VM11-13	883	14	234	220	67.1	0.95
including		14	66	52	15.8	3.03
		432	581	149	45.4	2.44

“Oz/T” is troy ounces gold per short ton; “g/t” is grams gold per metric tonne

To date mineralization in the Central Zone extends over a length of 400 metres and remains open to the south and at depth.

Rob Project, Alaska

Since acquiring the project in 2002, Freegold has conducted limited work on the property, however this work has confirmed the presence of high-grade gold mineralization located within large soil anomalies completed by the WGM/Sumitomo exploration team in the early 1990's. This team was also responsible for the discovery of the nearby Pogo deposit, a 5.6 million ounce gold deposit that is hosted in the same intrusive and metamorphic rocks, and on the flank of the same 18 mile long gneiss dome that hosts the Rob gold mineralization. The Pogo deposit (which is owned by Sumitomo Metal Mining Co.) is now Alaska's largest gold mine, producing approximately 385,000 ounces of gold per year.

The Company has completed a total of 29 diamond core holes (6,658 feet) on the project and all of these have been on the Grey Lead and O'Reely vein prospects. Drilling at the O'Reely vein did not intersect the multi-ounce values sampled at surface. Seven holes targeting the Grey Lead vein consistently intersected thick intervals of high-grade gold mineralization that exhibit geological and geochemical characteristics similar to those seen at the Pogo gold mine. True width drill intercepts include a 13.5 foot interval averaging 20.1 g/t, a 13 foot interval averaging 29.0 g/t Au, 7.9 foot interval averaging 62 g/t Au, and a 7.4 foot interval averaging 35 g/t Au. Prospecting discovered two additional veins running parallel to Grey Lead. These veins returned grab samples up to 18 g/t Au and 75 g/t Au (grab samples are selective in nature and are unlikely to represent average grades of the deposit), and have been traced over 850 feet at surface. Further work was also conducted on the eastern side of the property at the undrilled Michigan prospect, where prospecting and sampling has now traced a large intrusive hosted stock-work vein system over an approximate 3,500 foot by 2,500 foot area. In September 2011 three holes were drilled in this area.

In March 2010, the Company staked an additional 141 State of Alaska mining claims covering 15,360 acres adjacent to the Rob gold project. These new claims bring the total Rob project land holdings to 19,600 acres. The newly acquired lands sit between Tibbs Creek and Serpentine faults which define the western and eastern limits, respectively, of the northeast trending regional scale Black Mountain tectonic zone. Virtually all of the known lode gold occurrences in the eastern Goodpaster Mining district are located within the Black Mountain tectonic zone. Host rocks in the new claims include Paleozoic paragneiss and orthogneiss intruded by mid-Cretaceous intermediate plutonic rocks, the same units which host high-grade mineralization at the Grey Lead, Blue Lead, Michigan and Trench prospects at Rob.

Public-sector geochemical data from the newly acquired claims indicates widespread anomalous gold, arsenic, bismuth and tungsten in rocks, stream sediments and pan concentrate samples. The elevated bismuth and tungsten values are indicative of proximal intrusive-related gold mineralization similar to that at the Grey Lead prospect at Rob.

A revised NI 43-101 technical report was completed in March 2010 on the Rob Project and has recommended exploration expenditures of US\$1,000,000 that includes reconnaissance sampling on both the original and the newly acquired claim blocks. The full report entitled “*Executive Summary Report for the Rob Gold Project, Goodpaster Mining District, Alaska*” by Richard W. Flanders, BS, MS, P. Geo., dated March 25, 2010, was filed on SEDAR as “Technical report (NI 43-101)” was filed on SEDAR on March 31, 2010.

As the Company had significant exploration programs planned for the Golden Summit and Vinasale properties during 2011, exploration on the Rob project was limited; however a small drilling and prospecting program was budgeted in order to better evaluate the Michigan prospect.

In September 2011 a 3 hole diamond drill program was undertaken on the Michigan area. A total of 909 m were drilled. Assay results are pending at this time and will be reported as they become available.

The technical disclosure contained herein has been approved by Curt Freeman, M. Sc., PGeo. who is a Qualified Person under NI 43-101 and acts as a consultant to the Company.

Selected quarterly financial information

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company prepared in accordance with International Financial Reporting Standards.

	For the Quarters Ended (unaudited)							
	Sept. 30 th 2011	June 30 th 2011	Mar. 31 st 2011	Dec. 31 st 2010	Sept. 30 th 2010	June 30 th 2010	Mar. 31 st 2010	Dec. 31 st 2009
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$171	\$Nil	\$213
Net comprehensive loss – before tax	438,278	1,700,930	518,308	1,518,101	404,805	532,144	441,519	534,088
Net comprehensive loss per share	0.01	0.04	0.01	0.02	0.02	0.01	0.01	0.01
Total assets	38,778,577	31,791,060	31,558,110	30,611,765	25,673,499	24,763,063	25,198,833	25,566,763

Nine month period ended September 30th, 2011

The nine month period ended September 30th, 2011 resulted in a net comprehensive loss of \$2,657,516 which compares with a net comprehensive loss of \$1,359,572 for the nine month period ended September 30th, 2010. General and administrative expenses for the nine month period ended September 30th, 2011 were \$2,531,473, an increase of \$1,667,558 compared to \$863,915 for the nine month period ended September 30th, 2010. The increase in comprehensive loss is mainly attributable to:

- an increase of \$1,151,132 in non-cash share-based compensation expenses, from \$290,930 in 2010 to \$1,442,062 in 2011 that were charged upon the granting of long-term incentive stock options;
- an increase of \$104,338 in consulting fees, from \$14,540 in 2010 to \$118,878 as a part time Corporate Secretary was hired and several consultants were hired to assist in its shareholder relations;
- an increase of \$122,960 in travel costs, from \$82,932 in 2010 to \$205,892 to facilitate the closing of two non- brokered private placements which raised \$6.2 million. Share issue costs of \$200,698 were paid on the funds raised. Travel costs also included the monitoring of the ongoing exploration activities in Alaska;
- an increase of \$183,275 in promotion and shareholder relations, from \$23,893 to \$207,168, which included attendance at various trade shows, advertising, news releases, distribution fees and marketing materials;
- an increase of \$182,195 in wages, from \$94,609 in 2010 to \$276,804, to compensate the President and recently hired Vice-President of the Company;
- an increase of \$14,619 in interest income from \$171 in 2010 to \$14,790, from the increase in cash on hand;
- a decrease of \$84,917 in mining equipment amortization from \$188,209 in 2010 to \$103,292 as some of the mining equipment that was obtained for the Golden Summit project in Alaska was sold;
- a gain of \$80,332 was realized from the \$130,846 insurance settlement resulting from the theft of some mining equipment that was obtained for the Golden Summit project in Alaska ;
- an increase of \$15,538 in foreign exchange loss from \$43,806 in 2010 to \$59,344 as the US dollar became weaker relative to the Canadian dollar;

All other general and administrative costs were relatively similar to those incurred in the previous nine month period.

During the nine month period ended September 30th, 2011, the Company incurred mineral property deferred exploration costs of \$4,651,003. Of the deferred exploration costs, \$2,621,836 was incurred on the Golden Summit project in Alaska of which \$130,539 was for assaying, \$1,384,222 was for drilling,

\$36,670 was for engineering and consulting, \$301,273 was for field expenses, \$121,917 was for geophysics, \$628,246 was for personnel and \$18,969 was for mineral property fees. \$668,583 was incurred on the Rob Alaska project of which \$302 was for assaying, \$181,131 was for drilling, \$37,083 was for engineering and consulting, \$79,892 was for field expenses, \$301,676 was for helicopter support and \$68,499 was for personnel. \$1,360,584 was incurred on the Vinasale Alaska project of which \$46,056 was for assaying, \$423,949 was for drilling, \$90,587 was for engineering and consulting, \$239,931 was for field expenses, \$87,138 was for geophysics, \$283,326 was for helicopter support and \$189,597 was for personnel.

Mineral property acquisition costs of \$199,102 were also incurred which included \$115,734 for the Golden Summit Alaska project and \$83,368 for the Vinasale Alaska project.

Three month period ended September 30th, 2011

The three month period ended September 30th, 2011 resulted in a net comprehensive loss of \$438,278 which compares with a net comprehensive loss of \$235,029 for the three month period ended September 30th, 2010. General and administrative expenses for the three month period ended September 30th, 2011 were \$394,544, an increase of \$207,795 compared to \$183,749 for the three month period ended September 30th, 2010. The increase in comprehensive loss is mainly attributable to:

- an increase of \$29,233 in consulting fees, from \$5,130 in 2010 to \$34,363 as a part time Corporate Secretary was hired and several consultants were hired to assist in its shareholder relations;
- an increase of \$53,707 in travel costs, from \$39,450 in 2010 to \$93,157 to facilitate the closing of the August non-brokered private placement which raised \$4.0 million. Share issue costs of \$80,247 were paid on the funds raised. Travel costs also included the monitoring of the ongoing exploration activities in Alaska;
- an increase of \$100,109 in promotion and shareholder relations, from \$2,908 to \$103,017, which included attendance at various trade shows, advertising, news releases, distribution fees and marketing materials;
- an increase of \$55,286 in wages, from \$32,008 in 2010 to \$87,294, to compensate the President and recently hired Vice-President of the Company;
- an increase of \$5,813 in interest income from \$171 in 2010 to \$5,984, from the increase in cash on hand;
- a decrease of \$25,186 in mining equipment amortization from \$57,925 in 2010 to \$32,739 as some of the mining equipment that was obtained for the Golden Summit project in Alaska was sold;
- a decrease of \$82,778 in foreign exchange loss from \$81,357 in 2010 to a gain of \$1,421;

All other general and administrative costs were relatively similar to those incurred in the previous three month period.

During the three month period ended September 30th, 2011, the Company incurred mineral property deferred exploration costs of \$2,479,669. Of the deferred exploration costs, \$1,071,971 was incurred on the Golden Summit project in Alaska of which \$64,328 was for assaying, \$356,556 was for drilling, \$15,865 was for engineering and consulting, \$184,298 was for field expenses, \$96,312 was for geophysics, \$335,643 was for personnel and \$18,969 was for mineral property fees. \$668,583 was incurred on the Rob Alaska project of which \$302 was for assaying, \$181,131 was for drilling, \$37,083 was for engineering and consulting, \$79,892 was for field expenses, \$301,676 was for helicopter support and \$68,499 was for personnel. \$739,115 was incurred on the Vinasale Alaska project of which \$46,056 was for assaying, \$245,106 was for drilling, \$48,639 was for engineering and consulting, \$124,616 was for field expenses, \$46,104 was for geophysics, \$135,086 was for helicopter support and \$93,508 was for personnel.

Mineral property acquisition costs of \$93,176 were also incurred for the Golden Summit Alaska project.

Liquidity and capital resources

At September 30th, 2011, the Company's working capital, defined as current assets less current liabilities, was \$5,703,558 compared to a working capital of \$2,686,037 at December 31st, 2010. A \$854,974 loan secured by a first priority security agreement on the shares in the Company's wholly owned US subsidiaries and a general security agreement against the assets of the Company including a charge against bulk sampling equipment located on the Golden Summit Property. comprises part of the working capital and is repayable on November 30th, 2011. The Company also has trade payables of \$1,809,163 of which \$297,394 are long term. An additional \$31,430 is due to related parties as at September 30th, 2011.

On August 27th, 2010, the Company consolidated its share capital on a one new common share for every six existing common share basis. All common share and per share amounts herein have been adjusted where applicable to give retroactive effect to the share consolidation.

Contractual commitments

The Company is committed under mineral property option agreements to pay cash and issue common shares of the Company and has outstanding and future commitments under loan agreements and long term account payables. See note 10 of the consolidated financial statements.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Critical accounting estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the consolidated financial statements for the nine month period ended September 30th, 2011.

Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, amortization, determination of net recoverable value of assets, determination of fair value on, taxes, contingencies and stock-based compensation.

Changes in accounting policies – initial adoption

Adoption of International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises would be replaced by IFRS for fiscal years beginning on or after January 1st, 2011. The Company's first interim financial statements prepared under IFRS are the condensed consolidated interim financial statements for the nine month period ended September 30th, 2011 with the effective date of transition being January 1st, 2010. These condensed consolidated interim financial statements include full disclosure of its new IFRS policies in Note 2.

Transition to IFRS

IFRS 1, "First-time Adoption of International Financial Reporting Standards", sets forth guidance for the initial adoption of IFRS. The Company has applied the following exemptions to its opening statement of financial position dated January 1st, 2010.

Share-based Payments - IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, "Share-based Payment" to equity instruments that were granted on or before November 7th, 2002, or equity

instruments that were granted subsequent to November 7th, 2002 and vested before the transition date. The Company elected not to apply IFRS 2 to equity instruments that vested prior to the transition date.

Business Combinations - IFRS 1 provides the option to apply IFRS 3, "Business Combinations", retrospectively or prospectively from the transition date. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its transition date.

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

Restoration and Environmental Obligations - IFRS 1 provides an optional exemption to elect not to retrospectively recalculate the restoration and environmental obligation liability and the related impact on the cost of the related asset and accumulated depreciation. The Company elected to use this exemption and measured the liability as at the transition date adjusted for a historical risk discount rate.

IFRS 1 also outlines mandatory guidelines that a first time adopter must follow. The Company applied the following mandatory guidelines to its opening statement of financial position dated January 1st, 2010.

Estimates - In accordance with IFRS 1, the Company's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under Canadian GAAP unless there is objective evidence that those estimates were in error. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS.

Canadian GAAP to IFRS differences

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow users to better understand these changes, the Company's Canadian GAAP statements of financial position as at January 1st, 2010, September 30th, 2010 and December 31st, 2010, statement of loss and comprehensive loss for the nine month period ended September 30th, 2010 and for the year ended December 31st, 2010 and statement of cash flows for the nine month period ended September 30th, 2010 have been reconciled to IFRS, with the resulting differences explained.

Share-based Payments - The Company elected to apply IFRS 2 only to those stock options granted subsequent to November 7th, 2002 and not vested before January 1st, 2010. This resulted in an increase of stock options reserve as at the Transition Date of \$30,291 with an increase in deficit of an equal amount, and a decrease in share-based payment expense of \$8,308 for the year ended December 31st 2010, of which \$8,308 was adjusted for the nine month period ended September 30th 2010.

Flow-through Shares - Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146, "Flow-through Shares". At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a deferred tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP, a portion of the deferred 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.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred

tax liability is recognized and the flow-through liability is reversed, with any difference recorded as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

The change in accounting policy related to flow-through shares resulted in an increase in share capital and an increase in deficit of \$80,816 as at the Transition Date.

Financial instruments – Derivative Liability - During the year ended December 31st 2008, the Company issued convertible loans that were convertible into a fixed number of the Company's common shares in exchange for a fixed amount of US dollar (Note 8i). Under Canadian GAAP, the Company accounted for the issue of convertible loans in accordance with CICA Handbook Section 3863, "Financial Instruments – Presentation". At the time of issue, the compound financial instrument is bifurcated into a liability component and an equity component. The Company assigned to the equity component the residual amount after deducting from the compound financial instrument as a whole the fair value determined for the liability component.

Under IFRS, a convertible loan that is denominated in a foreign currency has no equity component and is presented as a liability with an embedded derivative. The convertible loan is classified as a financial liability under IAS 32, "Financial Instruments: Presentation" and is subject to IAS 39, "Financial Instruments: Recognition and Measurement" for recognition and measurement. The embedded derivative liability is initially recognized at fair value and is classified as financial liability at FVTPL. The fair value of the embedded derivative liability was determined using the Black-Scholes option pricing model. The embedded derivative liability is presented separately in the statement of financial position.

The change in accounting policy related to convertible loan denominated in foreign currency resulted in following differences:

As at	January 1 st 2010	September 30 th 2010	December 31 st 2010
Decrease in loans payable	955,799	1,003,931	-
Increase in derivative liability	(298,061)	(37)	-
Decrease in deficit	(657,738)	(1,003,894)	-

Financial Instruments – Available-for-Sale - Under Canadian GAAP, the Company grouped its redeemable guaranteed investment certificate as available-for-sale instruments. Upon adoption of IFRS, the Company determined both that the redeemable guaranteed investment certificate meets the criteria for financial assets at FVTPL and that it should be grouped as cash and cash equivalents.

Reclassification within Equity section - Under Canadian GAAP, "Contributed Surplus" was used to record the issuance of warrants and stock options as well as shares to be issued and warrants to be issued. Upon adoption of IFRS, the balances in "Contributed Surplus" have been reclassified to "Stock option reserve", "Warrants reserve" and "Other reserve".

In addition, the Company reclassified the balance of the "Accumulated other comprehensive income" that existed under Canadian GAAP into "Available-for-sale investments reserve".

Outstanding Share Data

On August 27th, 2010, the Company consolidated its share capital on a one new common share for every six existing common share basis. All common share and per share amounts herein have been adjusted where applicable to give retroactive effect to the share consolidation.

The Company is authorized to issue unlimited common shares without par value. As at November 9th, 2011, there were 57,378,389 outstanding common shares compared to 37,348,835 outstanding shares at December 31st, 2010.

The increase reflects the issuance of 11,801,867 shares for proceeds of \$6,170,194, 750,000 shares for mineral properties, 7,223,521 shares issued on the exercise of warrants and 254,166 shares issued on the exercise of options.

As at September 30th, 2011 there were 26,193,719 warrants outstanding.

Number	Price per Share	Expiry Date
577,083	\$1.20	June 30 th , 2012
3,067,239	\$0.50	October 1 st , 2012
10,754,217	\$0.55/\$0.65	December 15 th , 2011/2012
500,000	\$0.60	February 2 nd , 2012
4,083,332	\$0.59/\$0.65	March 16 th , 2012/2013
3,609,268	\$0.75	August 22 nd , 2012
Total	22,591,139	

Subsequent to quarter end, 55,000 warrants were exercised for gross proceeds of \$30,250 resulting in a total of 22,536,139 warrants outstanding and exercisable at November 9th, 2011.

Directors, officers, employees and contractors are granted options to purchase common shares under the Company Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 9d to the consolidated financial statements at September 30th, 2011.

Number Outstanding December 31 st 2010	Granted	Exercised	Cancelled	Expired	Number Outstanding and Exercisable September 30 th 2011	Exercise Price Per Share	Expiry Date
48,333	-	-	-	(48,333)	-	\$2.10	March 13 th , 2011
5,000	-	-	-	(5,000)	-	\$3.00	July 17 th , 2011
4,167	-	-	-	-	4,167	\$9.00	July 13 th , 2012
16,667	-	-	-	-	16,667	\$12.60	November 1 st , 2012
186,667	-	-	-	-	186,667	\$8.52	February 21 st , 2013
25,000	-	-	-	-	25,000	\$8.52	April 10 th , 2013
41,667	-	-	-	-	41,667	\$0.84	September 14 th , 2014
37,500	-	(20,833)	-	-	16,667	\$0.60	December 4 th , 2014
745,833	-	(133,333)	-	-	612,500	\$0.48	February 26 th , 2015
900,000	-	(100,000)	-	-	800,000	\$0.50	October 29 th , 2015
-	2,035,000	-	-	-	2,035,000	\$0.87	May 10 th , 2016
2,010,834	2,035,000	(254,166)	-	(53,333)	3,738,335		

Subsequent to quarter end, 1,590,000 options to purchase shares at \$0.65 were granted resulting in a total of 5,328,335 options outstanding and exercisable at November 9th, 2011.

Related party transactions

The related party transactions during the nine month period ended September 30th, 2011, which occurred in the normal course of operations and were measured at the exchange amount (the amount of consideration established and agreed to by the related parties), were as follows:

- Each outside director is entitled to receive up to \$500 per month. During the nine month period, the Company paid/accrued \$4,500 (2010: \$27,000) to directors. As at September 30th, 2011, amounts due to related parties consists of \$1,500 (2010: \$151,000) owing to directors. During the period, 325,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$230,750
- During the nine month period, the Company paid/accrued \$152,916, which included a \$30,000 bonus (2010: \$90,000) to the President and Chief Executive Officer. As at September 30th, 2011, \$29,930 (2010: \$182,930) is included in due to related parties. During the period, 650,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$461,500.
- During the nine month period, the Company paid \$110,416 (2010: \$Nil) and a consulting bonus of \$25,000 to the Vice-President of Exploration and Development. As at September 30th, 2011, \$Nil (2010: \$Nil) is included in due to related parties. During the period, 600,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$426,000.
- During the nine month period, the Company paid/accrued \$66,100 (2010: \$56,100) for professional fees to a company controlled by the Chief Financial Officer. As at September 30th, 2011, \$Nil (2010: \$104,135) is included in due to related parties. During the period, 175,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$124,250.
- During the nine month period, the Company paid/accrued \$13,860 (2010: \$Nil) for consulting fees to a company controlled by the Corporate Secretary. As at September 30th, 2011, \$Nil (2010: \$Nil) is included in due to related parties. During the period, 25,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$17,750.
- During the nine month period, legal fees of \$7,998 (2010: \$47,353) were paid/accrued to a law firm of which a Company director is a partner. As at September 30th, 2011, \$Nil (2010: \$109,771) is included in due to related parties.

During a prior year, the Company secured a US\$2 million short term loan from a company with a director in common with the Company who subsequently resigned as a director of the Company. During the prior year, \$1,504,330 of this loan was converted into 2,785,796 shares of the Company. On October 1st, 2010, an officer of the lender was elected as a director of the Company and such individual resigned as a director of the Company on April 21, 2011. As at September 30th, 2011, \$854,974 (2010: \$854,974) is outstanding on this loan.

Disclosure controls and internal controls over financial reporting

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related consolidated financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's CEO and CFO have evaluated and are satisfied with the effectiveness of these disclosure controls and procedures for the nine month period ending September 30th, 2011.

The CEO and CFO acknowledge responsibility for the design of internal control over financial reporting (ICFR), and confirm that there were no changes in these controls that occurred during the most recent period ended September 30th, 2011 which materially affected, or are reasonably likely to materially affect the Company's ICFR.

Risks and uncertainties

The Company believes that the following items represent significant areas for consideration.

Cash Flows and Additional Funding Requirements

The Company has limited financial resources, no sources of operating cash flows and no assurances that sufficient funding will be available.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that funds spent on the exploration and development of a mineral deposit will result in the discovery of an economic ore body. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

Commodity Prices

The success of the Company's operations will be dependent in part upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Foreign Political Risk

The Company's material property interests are currently located in the United States. A significant portion of the Company's interests are exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. Any

failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Title to Properties

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has made reasonable efforts to investigate the title to all of the properties for which it holds mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned.

The Company has the right to earn an interest in certain of its properties. To earn its interest in each property, the Company is required to make certain cash payments and incur certain exploration expenditures. If the Company fails to make these payments and incur such expenditures, the Company may lose its right to such properties and forfeit any funds expended to such time.

Estimates of Mineral Resources

The mineral resource estimates used by the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

Key Management

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Foreign Currency Risk

A substantial portion of the Company's expenses and payables are now, and are expected to continue to be incurred in United States currency. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and United States dollar may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for the Company's products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest which will be subject to the procedures and remedies under the *Business Corporation Act (British Columbia)*. As a result of any such conflict, the Company may miss the opportunity to participate in certain transactions.

Outlook

As at November 9th, 2011, the Company has approximately \$6,000,000 in cash and has conducted a 6,500 metre drill program on the Golden Summit project. The results of which will be incorporated into an updated NI 43-101 compliant resource which is expected to be completed by year end. Additional drilling on a Phase 2 program at Golden Summit commenced in early August. A total of 10,000 metres are expected to be drilled by the completion of the program which is slated for March 2012. At this time an additional NI 43-101 resource calculation will be undertaken on the Cleary Hill area. To date, 11 holes have been drilled at Cleary Hill in this program (4,000 metres). In addition to the ongoing drilling at Golden Summit, a ground based geophysical survey was also undertaken in an effort to better delineate the Phase 2 drill targets.

At the Vinasale project both an induced polarization survey and 12 hole diamond drill program were completed. The results of the geophysical program indicate the potential to significantly increase the size of the resource with additional drilling in the north east zone. An extensive diamond drill program is being planned for the Vinasale project in 2012. This years drilling results will be incorporated into an updated NI 43-101 resource calculation which is expected to be completed by year end.

On the Rob project three diamond drill holes were completed for a total of 3,000 feet. All of the drilling was completed in the Michigan area which was an area on the project that had never been drilled. Past sampling results indicated that this area may have significant potential. Assay results are currently pending.

FREEGOLD VENTURES LIMITED

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

30 SEPTEMBER 2011 and 2010

**MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Freegold Ventures Limited (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgements based on information currently available.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Freegold Ventures Limited
(An Exploration Stage Company)

Condensed Consolidated Statements of Financial Position

Canadian Funds
(Unaudited – Prepared by Management)

ASSETS	30 September 2011	31 December 2010
Current		
Cash and cash equivalents	\$ 7,945,440	\$ 4,818,038
Amounts receivable	68,178	21,598
Prepaid expenses and deposits	102,128	42,274
	8,115,746	4,881,910
Exploration and Evaluation Properties (Note 3)	28,483,879	23,633,774
Property, Plant and Equipment (Note 4)	2,178,952	2,096,081
	\$ 38,778,577	\$ 30,611,765
LIABILITIES		
Current		
Trade payables (Note 5)	\$ 1,511,769	\$ 863,720
Accrued liabilities	14,015	29,000
Due to related parties (Note 6)	31,430	448,179
Loans payable (Notes 6g and 7i)	854,974	854,974
	2,412,188	2,195,873
Trade Payables – Long Term (Note 5)	297,394	301,555
Restoration and Environmental Obligations (Note 8)	180,500	182,792
Loans Payable – Long Term	-	-
	2,890,082	2,680,220
EQUITY		
Share Capital (Note 9)	65,698,716	57,337,400
Reserves	14,288,314	12,035,164
Deficit	(44,098,535)	(41,441,019)
	35,888,495	27,931,545
	\$ 38,778,577	\$ 30,611,765

Nature and Continuance of Operations (Note 1), Commitments (Note 10), Contingency (Note 12) and Subsequent Events (Note 16).

Freegold Ventures Limited
(An Exploration Stage Company)

Condensed Consolidated Statements of Equity

Canadian Funds
(Unaudited – Prepared by Management)

	Common Shares	Amount \$	Stock Options Reserve \$	Warrants Reserve \$	Available- for-Sale Reserve \$	Other Reserve \$	Deficit \$	Total \$
Balance – 1 January 2010	14,437,290	53,136,870	4,121,939	1,405,860	464,000	-	(39,008,449)	20,120,220
Issuance and allotment of shares for:								
- Debt settlement (Note 9a)	2,421,573	1,598,238	-	-	-	-	-	1,598,238
Shares to be issued (Notes 3a, 3c and 9a)	-	-	-	-	-	360,000	-	360,000
Share issuance costs	-	(7,144)	-	-	-	-	-	(7,144)
Share-based payments (Note 9d)	-	-	290,930	-	-	-	-	290,930
Unrealized loss on available-for-sale investments	-	-	-	-	(678,241)	-	-	(678,241)
Reclassification of loss on available-for-sale investments	-	-	-	-	214,241	-	-	214,241
Loss for the period	-	-	-	-	-	-	(914,467)	(914,467)
Balance – 30 September 2010 (Note 15)	16,858,863	54,727,964	4,412,869	1,405,860	-	360,000	(39,922,916)	20,983,777
Issuance and allotment of shares for:								
- Private placements (Note 9a)	20,489,972	8,286,538	-	-	-	-	-	8,286,538
- Value assigned to warrants (Note 9c)	-	(5,479,604)	-	5,479,604	-	-	-	-
Shares to be issued (Notes 3a, 3c and 9a)	-	-	-	-	-	(90,000)	-	(90,000)
Share issuance costs	-	(197,498)	-	-	-	-	-	(197,498)
Warrants to be issued (Notes 7i and 9a)	-	-	341,075	-	-	125,756	-	125,756
Share-based payments (Note 9d)	-	-	-	-	-	-	-	341,075
Loss for the period	-	-	-	-	-	-	(1,518,103)	(1,518,103)
Balance – 31 December 2010	37,348,835	57,337,400	4,753,944	6,885,464	-	395,756	(41,441,019)	27,931,545
Issuance and allotment of shares for:								
- Private placements (Note 9a)	11,801,867	6,170,194	-	-	-	-	-	6,170,194
- Exercise of warrants (Note 9b)	7,168,521	4,885,768	-	(1,809,360)	-	-	-	3,076,408
- Exercise of options (Note 9b)	254,166	226,500	(100,000)	-	-	-	-	126,500
- Value assigned to warrants (Note 9c)	-	(2,990,448)	-	3,116,204	-	(125,756)	-	-
Shares to be issued (Notes 3a, 3c and 9a)	750,000	270,000	-	-	-	(270,000)	-	-
Share-based payments (Note 9d)	-	-	1,442,062	-	-	-	-	1,442,062
Share issuance costs	-	(200,698)	-	-	-	-	-	(200,698)
Loss for the period	-	-	-	-	-	-	(2,657,516)	(2,657,516)
Balance – 30 September 2011	57,323,389	65,698,716	6,096,006	8,192,308	-	-	(44,098,535)	35,888,495

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Condensed Consolidated Statements of Loss and Comprehensive Loss

Canadian Funds
(Unaudited – Prepared by Management)

	3 Months Ended 30 September 2011	3 Months Ended 30 September 2010 (Note 15)	9 Months Ended 30 September 2011	9 Months Ended 30 September 2010 (Note 15)
General and Administrative Expenses				
Consulting fees (Note 6c and 6f)	\$ 34,363	5,130	118,878	14,540
Share-based payments (Note 9d)	-	-	1,442,062	290,930
Travel	93,157	39,450	205,892	82,932
Promotion and shareholder relations	103,017	2,908	207,168	23,893
Director fees (Note 6a)	-	6,000	4,500	27,000
Professional fees (Notes 6b and 6d)	28,057	35,315	97,606	123,580
Wages, salaries and benefits (Note 6e and 6f)	87,294	32,008	276,804	94,609
Transfer and filing fees	27,557	41,280	111,517	135,479
Rent and utilities	6,696	9,367	19,986	38,298
Office and miscellaneous	12,899	8,891	42,235	23,427
Amortization (Note 4)	1,504	2,427	2,899	7,281
Accretion (Note 8)	-	994	1,926	2,940
Loss Before Other Income (Expenses)	(394,544)	(183,770)	(2,531,473)	(864,909)
Other Income (Expenses)				
Gain (loss) on sale of available-for-sale securities	-	(216,937)	-	(214,241)
Gain on forgiveness of debt	-	4,031	-	94,156
Interest income	5,984	-	14,790	171
Amortization of mining equipment (Note 4)	(32,739)	(57,925)	(103,292)	(188,209)
Gain on insurance proceeds (Note 4)	-	-	80,332	-
Foreign exchange gain (loss), net	1,421	80,102	(59,344)	46,588
Interest, bank charges and loan arrangement fees (Note 7)	(18,400)	(60,016)	(58,529)	(113,497)
Gain of derivative liability	-	(20,683)	-	325,474
	(43,734)	(271,428)	(126,043)	(49,558)
Net Loss for the Period	\$ (438,278)	(445,198)	(2,657,516)	(914,467)
Other Comprehensive Income (Loss)				
Unrealized (loss) gain on available-for-sale investments	-	(50,393)	-	(464,000)
Comprehensive Loss for the Period	\$ (438,278)	(404,805)	(2,657,516)	(1,378,467)
Loss per Share – Basic and Diluted	\$ (0.01)	(0.03)	(0.06)	(0.06)
Comprehensive Loss per Share – Basic and Diluted	\$ (0.01)	(0.02)	(0.06)	(0.08)
Weighted Average Number of Shares Outstanding	47,400,296	16,858,884	43,112,674	16,509,101

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Condensed Consolidated Statements of Cash Flows

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

	9 Months Ended 30 September 2011	9 Months Ended 30 September 2010
Cash Resources Provided By (Used In)		(Note 15)
Operating Activities		
Loss for the period	\$ (2,657,516)	\$ (914,467)
Items not affecting cash:		
Amortization	106,191	195,490
Accretion	1,926	2,940
Loss (gain) on sale of available-for-sale securities	-	214,241
Gain on insurance proceeds	(80,332)	-
Share-based payments	1,442,062	290,930
Gain on derivative liability	-	(325,474)
Unrealized foreign exchange gain	(3,963)	(1,498)
Net changes in non-cash working capital components:		
Amounts receivable	(46,580)	(1,234)
Prepaid expenses and deposits	(59,854)	(23,505)
Trade payables	(290,283)	(388,135)
Accrued liabilities	(14,985)	(29,000)
Due to related parties	(416,749)	307,484
	<u>(2,020,083)</u>	<u>(672,228)</u>
Investing Activities		
Proceeds on sale of available-for-sale investments	-	521,759
Mineral property acquisition costs	(199,102)	(58,581)
Mineral property deferred exploration costs	(3,716,830)	-
Proceeds of insurance equipment loss	130,846	-
Purchase of property, plant and equipment	(239,833)	-
	<u>(4,024,919)</u>	<u>463,178</u>
Financing Activities		
Share capital issued	9,373,102	-
Share issuance costs	(200,698)	(7,144)
Foreign exchange on loans	-	12,357
	<u>9,172,404</u>	<u>5,213</u>
Net Increase (decrease) in Cash and Cash Equivalents	3,127,402	(203,837)
Cash and cash equivalents - Beginning of year	<u>4,818,038</u>	<u>328,354</u>
Cash and Cash Equivalents - End of Period	\$ 7,945,440	\$ 124,517
Cash Resources Provided By (Used In)		
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Exploration expenditures included in trade payables	\$ (934,173)	\$ (1,261,861)
Shares issued for debt	\$ -	\$ (1,598,238)
Shares to be issued for mineral properties	\$ -	\$ 360,000

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

1. Nature and Continuance of Operations

Freegold Ventures Limited (the "Company") is in the process of acquiring, exploring and developing precious metal mineral properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage. The recoverability of the amounts expended by the Company on acquiring and exploring mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to complete the acquisition and/or development of the properties and upon future profitable production.

The head office, principal address and registered and records office of the Company is Suite 888 – 700 West George Street, Vancouver, British Columbia V7Y 1G5

The Company's consolidated financial statements as at 30 September 2011 and for the period then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a comprehensive loss of \$2,657,516 for the period ended 30 September 2011 (2010 – \$1,359,572) and has working capital of \$5,703,558 at 30 September 2011 (31 December 2010 – \$2,686,037).

The Company had cash and cash equivalents of \$7,945,440 at 30 September 2011 (31 December 2010 - \$4,818,038), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

On 27 August 2010, the Company consolidated its 101,153,306 old common shares, exchanging 6 (old) common shares for 1 (new) common share resulting in 16,858,863 new common shares outstanding. All common shares and per share amounts have been adjusted to give retroactive effect to the 6:1 share consolidation that took effect on 27 August 2010 (*Note 9*).

2. Significant Accounting Policies

The consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standards ("IAS") 34, "*Interim Financial Reporting*". These financial statements were approved and authorized for issue by the Board on 9 November 2011.

These are the Company's third condensed consolidated financial statements prepared in accordance with IAS 34 and IFRS using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on 31 December 2011, the Company's first annual IFRS reporting date. These condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

conjunction with the Company's first condensed consolidated financial statements prepared in accordance with IAS 34 and IFRS dated 31 March 2011 as well as the Company's annual financial statements for the year ended 31 December 2010 prepared in accordance with previous Canadian generally accepted accounting principles ("Canadian GAAP").

a) Consolidation

These consolidated financial statements include the accounts of the Company's wholly owned subsidiaries, Free Gold Recovery, USA, Freegold Ventures Limited, USA, and Ican Minerals, Inc. All subsidiaries are US corporations which are involved in mineral property exploration. Inter-company balances are eliminated upon consolidation.

b) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

c) Accounting Changes

These condensed consolidated financial statements follow the same accounting policies and methods of their application as the Company's first condensed consolidated financial statements prepared in accordance with IAS 34 and IFRS and as such should be read in conjunction with the Company's condensed consolidated financial statements for the three month period ended 31 March 2011.

IFRS Standards issued but not yet effective:

IFRS 9, *Financial Instruments*
IFRS 7 (Amendment), *Financial Instruments: Disclosure*
IAS 12 (Amendment), *Income Taxes*
IFRS 10, *Consolidated Financial Statements*
IFRS 11, *Joint Arrangements*
IFRS 12, *Disclosure of Interests in Other Entities*
IFRS 13, *Fair Value Measurement*
IAS 27 (Amendment), *Separate Financial Statements*
IAS 28 (Amendment), *Investments in Associates and Joint Ventures*

The Company is currently assessing the impact that these revised or new standards will have on the consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

3. Exploration and Evaluation Properties

	Golden Summit Property	Rob Property	Vinasale Property	Union Bay Property	Total
Acquisition costs					
Balance, 1 January 2010	\$ 742,242	\$ 964,330	\$ -	\$ -	\$ 1,706,572
Additions	268,299	91,611	-	-	359,910
Write-down due to impairment	-	-	-	-	-
Balance, 31 December 2010	\$ 1,010,541	\$ 1,055,941	\$ -	\$ -	\$ 2,066,482
Exploration and evaluation costs					
Balance, 1 January 2010	\$ 16,494,345	\$ 2,401,662	\$ 777,644	\$ 67,218	\$ 19,740,869
Assaying	766	-	35,145	-	35,911
Drilling	-	-	290,337	-	290,337
Engineering and consulting	2,137	146	100,509	937	103,729
Geological and field expenses	37,246	2,456	301,304	-	341,006
Geophysical	46,106	-	-	-	46,106
Helicopter support	-	-	230,634	-	230,634
Mineral property fees	61,876	26,537	10,552	6,809	105,774
Personnel	76,046	9,321	226,163	-	311,530
Reimbursements to third parties	69,201	-	200,799	-	270,000
Increase in restoration and environmental obligation	91,396	-	-	-	91,396
Write-down due to impairment	-	-	-	-	-
Balance, 31 December 2010	\$ 16,879,119	\$ 2,440,122	\$ 2,173,087	\$ 74,964	\$ 21,567,292
Total	\$ 17,889,660	\$ 3,496,063	\$ 2,173,087	\$ 74,964	\$ 23,633,774

	Golden Summit Property	Rob Property	Vinasale Property	Union Bay Property	Total
Acquisition costs					
Balance, 31 December 2010	\$ 1,010,541	\$ 1,055,941	\$ -	\$ -	\$ 2,066,482
Additions	115,734	-	83,368	-	199,102
Write-down due to impairment	-	-	-	-	-
Balance, 30 September 2011	\$ 1,126,275	\$ 1,055,941	\$ 83,368	\$ -	\$ 2,265,584
Exploration and evaluation costs					
Balance, 31 December 2010	\$ 16,879,119	\$ 2,440,122	\$ 2,173,087	\$ 74,964	\$ 21,567,292
Assaying	130,539	302	46,056	-	176,897
Drilling	1,384,222	181,131	423,949	-	1,989,302
Engineering and consulting	36,670	37,083	90,587	-	164,340
Geological and field expenses	301,273	79,892	239,931	-	621,096
Geophysical	121,917	-	87,138	-	209,055
Helicopter support	-	301,676	283,326	-	585,002
Personnel	628,246	68,499	189,597	-	886,342
Mineral property fees	18,969	-	-	-	18,969
Write-down due to impairment	-	-	-	-	-
Balance, 30 September 2011	\$ 19,500,955	\$ 3,108,705	\$ 3,533,671	\$ 74,964	\$ 26,218,295
Total	\$ 20,627,230	\$ 4,164,646	\$ 3,617,039	\$ 74,964	\$ 28,483,879

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

a) Golden Summit Property, Alaska, USA

(i) Fairbanks Exploration Inc.

By various agreements dated from 1 December 1992 to 9 May 1997, the Company acquired from Fairbanks Exploration Inc. ("FEI") certain mineral claims in the Fairbanks Mining District of Alaska known as the Golden Summit Property, subject to a 7% working interest held in trust for FEI by the Company on certain mineral claims. The property is controlled by the Company through long-term lease agreements or outright claim ownership. As consideration, the Company issued 20,833 shares and expended US\$1,767,000 on the property before 2000 to FEI. The Company is also required to make all underlying lease payments.

The Company will fund 100% of the project until commercial production is achieved at which point FEI will be required to contribute 7% of any approved budget. The property is subject to a 2% Net Smelter Royalty ("NSR") to FEI, unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by mineable reserves.

(ii) Keystone Claims

By an agreement dated 17 May 1992, the Company entered into an agreement with Keystone whereby the Company agreed to make advance royalty payments of US\$15,000 per year. In May 2000, the agreement was renegotiated and on 15 October 2000, a \$50,000 signing bonus was paid. On 30 November 2001, the Company restructured the advance royalty payments as follows:

	US Funds	
1992 – 1998 (US\$15,000 per year)	\$ 105,000	(paid)
2000	\$ 50,000	(\$25,000 paid in cash and \$25,000 with 9,816 treasury shares issued)
2001 - 2006 (US\$50,000 per year)	\$ 300,000	(paid)
2007	\$ 150,000	(paid)
2008	\$ 150,000	(paid \$75,000 in 2008 with the remaining \$75,000 paid in 2009, subject to a payment extension)
2009	\$ 150,000	(paid)
2010	\$ 150,000	(paid)
2011 – 2019 (US\$150,000 per year)	\$ 1,350,000	

The property is subject to a 3% NSR.

(iii) Newsboy Claims

By lease agreement dated 28 February 1986 and amended 26 March 1996, the Company assumed the obligation to make advance royalty payments of US\$2,500 per year until 1996 (paid) and US\$5,000 per year until 2006 (paid). During 2006, the Company renewed the existing lease term for an additional 5 years on the same terms and conditions. These payments are current. The claims are subject to a 4% NSR. The Company has the option to

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

purchase the NSR for the greater of the current value or US\$1,000,000 less all advance royalty payments made.

(iv) Tolovana Claims

In May 2004, the Company entered into an agreement with a third party (the "Seller") whereby the Seller transferred 100% of the rights via Quit Claim Deed to a 20-year lease on the Tolovana Gold Property in Alaska.

Under the terms of the agreement, the Company assumed all of the Seller's obligations under the lease, which include making annual payments of \$1,000 per month for the first 23 months increasing to \$1,250 per month for the 24th to the 48th months and increasing to \$1,500 after the 49th month and for the duration of the lease. These payments are current.

The property is subject to a sliding scale NSR as follows: 1.5% NSR if gold is below US\$300 per ounce, 2.0% NSR in the event the price of gold is between US\$300 to US\$400, and 3.0% NSR in the event that the price of gold is above US\$400. In addition, the Company made a cash payment of US\$7,500 on signing and issued 66,667 shares on regulatory approval. An additional 33,333 shares are to be issued within 30 days of a minimum 200,000 ounce mineral resource being calculated on the property if the resource is established in five years or less from the date of the agreement.

By agreement dated 31 December 2009, the Company entered into an option agreement with Western Standard Metals Ltd. ("Western") whereby Western could have earned a 50% interest in the Golden Summit Property. As consideration, Western paid \$300,000 and was to incur exploration and development expenditures as follows in order to vest with a 50% interest:

	Exploration Expenditures
31 December 2010	US\$750,000
31 December 2011	US\$1,000,000
31 December 2012	US\$1,500,000
31 December 2013	US\$2,500,000
Total	US\$5,750,000

On 6 July 2010, the Company and Western terminated the Golden Summit Option Agreement. In consideration for the early termination and in recognition of the cash payments made by Western, the Company agreed to issue Western common shares of the Company valued at \$69,201, which has been recorded as a reimbursement of mineral property exploration expenditures (Note 9a).

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

(v) Green Claims

By lease agreement dated 16 December 2010, the Company acquired from Christina Mining Company, LLC ("CMC") certain mineral claims in the Fairbanks Mining District of Alaska known as the Green Property. The property is controlled by the Company through a long-term lease agreement. The claims are subject to a 3% NSR. The Company must make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
1 December 2010	US\$100,000 (paid)	-
1 December 2011	US\$100,000	US\$250,000
1 December 2012	US\$100,000	US\$500,000
1 December 2013	US\$100,000	US\$750,000
1 December 2014	US\$100,000	US\$1,000,000
1 December 2015 to 2019	US\$100,000 per year	-
1 December 2020 to 2029	US\$200,000 per year	-
Total	US\$3,000,000	US\$2,500,000

(vi) Chatham Claims

During the period, the Company acquired certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property. The property is controlled by the Company through a four year lease agreement. The claims are subject to a 2% NSR. The Company must make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
Execution of agreement	US\$20,000 (paid)	-
First anniversary	US\$30,000	US\$50,000
Second anniversary	US\$40,000	US\$50,000
Third anniversary	US\$50,000	US\$50,000
Fourth anniversary	-	US\$50,000
Total	US\$140,000	US\$200,000

The Company has the option to purchase one-half of the NSR representing one percent for US\$750,000.

The Company also has the option to purchase the property for US\$750,000.

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

b) Rob Property, Alaska, USA

By agreement dated 9 July 2002, the Company has the option to earn a 100% interest in a 20-year lease on certain mineral claims located in the Good Paster Mining District, Alaska, known as the Rob Property.

As consideration, the Company was required to make cash payments of US\$80,000 (paid) for an underlying agreement with the vendor.

In addition, the Company paid US\$29,000 and issued 166,667 shares. The Company is also required to expend a total of US\$1,000,000 in exploration expenditures on the property prior to 31 December 2008 (completed).

During a prior year, the Company reached the required US\$1,000,000 level of cumulative expenditures on the property and issued an additional 83,333 shares of the Company valued at \$305,000. In addition, the vendor retains a 1% NSR which the Company may purchase for US\$1,000,000.

The underlying lease holder shall retain a NSR, which shall vary according to the London gold price for the preceding six-month period as follows: 1% for gold prices less than US\$300 per ounce, 1.5% for gold prices between US\$301 and US\$350, and 2% for gold prices greater than US\$350. The NSR may be purchased for US\$500,000 for each percentage point. An undivided 100% interest in the property may be purchased for US\$1,500,000.

Commencing 1 December 2008, annual advance royalty payments must be made to the vendor depending on the average gold price for the preceding year as follows:

Gold Price Per Ounce	Annual Royalty Payment
Less than US\$350	US\$30,000
US\$350 to US\$400	US\$40,000
More than US\$400	US\$50,000

These payments are current.

During the prior year, the Company staked a further 141 State of Alaska mining claims covering 15,360 acres adjacent to the property. These new claims bring the total property land holdings to 19,600 acres. The staked claims are 100% owned and not subject to any royalties.

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

c) Vinasale Property, Alaska, USA

By agreement dated 28 February 2007 and as amended on 18 January 2010, the Company entered into a mineral exploration agreement with an option to lease from Doyon Limited ("Doyon"), an Alaskan Native Corporation on the Vinasale property in central Alaska. The Company must make annual cash payments and incur exploration expenditures as follows:

Option Year Commencing	Payments	Exploration Expenditures
28 February 2007	US\$50,000 (Paid)	US\$300,000 (incurred)
1 February 2008	US\$70,000 (Paid)*	US\$700,000*
1 February 2009	US\$75,000 (Paid)*	US\$1,000,000**
1 February 2010	US\$80,000 (Paid)	US\$1,500,000
1 February 2011	US\$85,000 (Paid)	US\$1,500,000
Total	US\$360,000	US\$5,000,000

On or before 1 February 2012, the Company may at its option enter into a one year extension by making an additional cash payment of US\$100,000 and incurring an additional US\$1,500,000 in exploration expenditures. In the event the property is reduced by 50% or more, the additional exploration expenditures shall be reduced to US\$1,000,000.

* During 2008, the Company requested that Doyon consider deferring the remaining 2008 expenditures to 2009, 2010 and 2011 in exchange for an additional contribution of US\$20,000 to the scholarship fund and Doyon agreed to such request.

** By amendment dated 18 January 2010, Doyon agreed to waive the 2009 exploration expenditures. As consideration, the Company agreed to place US\$300,000 in an escrow account by 15 April 2010. The funds were to be released upon mobilization of a drill rig to the property. These funds were released in July 2010.

By agreement dated 31 December 2009, the Company optioned to Western up to a 50% interest in the Vinasale Property. In consideration, Western paid \$350,000 and was to incur exploration and development expenditures as follows:

	Exploration Expenditures
31 December 2010	US\$1,500,000
31 December 2011	US\$2,250,000
31 December 2012	US\$2,750,000
Total	US\$6,500,000

On 6 July 2010, the Company and Western terminated the Vinasale Option Agreement. In consideration of the early termination and recognition of the cash payments and exploration expenditures incurred by Western, the Company has agreed to issue Western common shares of the Company valued at \$200,799, which has been recorded as a reimbursement of mineral property exploration expenditures (Note 9a).

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

d) Union Bay Property, Alaska, USA

The Company acquired certain mineral claims known as the Union Bay Property, in Alaska, USA, by way of staking.

By agreement dated 1 October 2002 and amended 2 April 2003, the Company granted to Pacific North West Capital Corp. ("PFN"), a company that previously had certain directors in common, an option to earn a 70% interest in the property by purchasing a private placement of \$165,000 (2002) and making cash payments of \$100,000 (received), issuing 60,000 shares (received) and incurring exploration expenditures of \$1,000,000 (completed).

PFN vested with a 50% interest on 1 July 2006 and accordingly issued 253,586 shares pursuant to the agreement. Following vesting, PFN had the right to elect within 45 days to increase its interest to 60% by completing a feasibility study within 12 months of having vested. This election was not made.

By Memorandum of Agreement dated 4 May 2007, the Company and PFN confirmed their 50:50 interest in the property.

4. Property, Plant and Equipment

			30 September 2011 Net Book Value	31 December 2010 Net Book Value
	Cost	Accumulated Amortization		
Mining equipment	\$ 1,232,317	\$ (887,231)	\$ 345,086	\$ 492,085
Automotive	32,604	(3,360)	29,244	-
Exploration office/accommodations	176,489	(2,699)	173,790	-
Exploration office equipment	13,139	(1,005)	12,134	-
Land	1,603,996	-	1,603,996	1,603,996
Office equipment	17,601	(2,899)	14,702	-
	<u>\$ 3,076,146</u>	<u>\$ (897,194)</u>	<u>\$ 2,178,952</u>	<u>\$ 2,096,081</u>

			31 December 2010 Net Book Value	1 January 2010 Net Book Value
	Cost	Accumulated Amortization		
Mining equipment	\$ 1,419,808	\$ (964,241)	\$ 492,085	\$ 902,647
Automotive	3,771	(3,771)	-	2,244
Land	1,603,996	-	1,603,996	1,603,996
Office equipment	114,447	(114,447)	-	41,326
	<u>\$ 3,142,022</u>	<u>\$ (1,045,941)</u>	<u>\$ 2,096,081</u>	<u>\$ 2,550,213</u>

During the period ended 30 September 2011, total additions to property, plant and equipment were \$239,833 (2010 - \$Nil) and the Company received \$130,846 (2010 - \$Nil) in insurance proceeds from the theft of mining equipment.

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
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During the year ended 31 December 2010, total dispositions of property, plant and equipment were \$146,309 (2009 - \$469,551) for total proceeds of \$68,265 (2009 - \$425,604) resulting in a loss of \$78,044 (2009 - \$43,947).

5. Trade Payables

During the prior year, the Company wrote off trade payables in the amount of \$397,556 (2009 - \$Nil) related primarily to interest. Management does not consider that these amounts are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these balances in the future.

During the prior year, the Company entered into a debt settlement agreement with one of its vendors. Under the terms of the agreement, the amount owing to the vendor will be repaid in cash over three years and a portion will be repaid in shares (issued) (Note 9a). The cash portion will bear interest at 6%. The portion that will be repaid in the third year has been recorded as trade payables – long term (Note 10iii).

During a prior year, the Company entered into an agreement with one of its vendors to repay the amount payable over four years. The portion of this amount that will be repaid in the third and fourth years has been recorded as trade payables – long term (Note 10iii).

6. Related Party Balances and Transactions

Except as noted elsewhere in these consolidated financial statements, related party transactions are as follows:

- a) Effective 1 January 2005, each outside director is entitled to receive up to \$500 per month. During the period, \$4,500 (2010 - \$27,000) was paid/accrued to directors. As at 30 September 2011, amounts due to related parties include \$1,500 (31 December 2010 - \$26,000) owing to directors. During the period, 325,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$230,750.
- b) During the period, professional fees of \$66,100 (2010 - \$56,100) were paid/accrued to a company controlled by the Chief Financial Officer. As at 30 September 2011, \$Nil (31 December 2010 - \$97,303) related to this entity is included in due to related parties. During the period, 175,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$124,250.
- c) During the period, consulting fees of \$13,860 (2010 - \$Nil) were paid to a company controlled by the Corporate Secretary. As at 30 September 2011, \$Nil (31 December 2010 - \$Nil) related to this entity is included in due to related parties. During the period, 25,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$17,750.
- d) During the period, legal fees of \$7,998 (2010 - \$47,353) were paid/accrued to a law firm of which a director is a partner. As at 30 September 2011, \$Nil (31 December 2010 - \$103,400) related to this entity is included in due to related parties.
- e) During the period, salaries and benefits of \$152,916 (2010 - \$90,000), which included a \$30,000 bonus, were paid/accrued to the President and Chief Executive Officer. As at 30 September 2011, \$29,930 (31 December 2010 - \$112,930) related to this individual is included in due to

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related parties. During the period, 650,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$461,500.

- f) During the period, salaries and benefits of \$110,416 (2010 - \$Nil) and a consulting bonus of \$25,000 was paid to the Vice-President of Exploration and Development. As at 30 September 2011, \$Nil (31 December 2010 - \$85,621) related to this individual is included in due to related parties. During the period, 600,000 options to purchase shares at \$0.87 per share were granted with an estimated fair value of \$426,000.
- g) During a prior year, the Company secured a US\$2 million short-term loan from a company with a former director in common with the Company. During the prior year, \$1,504,330 of this loan was converted into 2,785,796 shares of the Company. On 1 October 2009, a director in common was elected and as at 30 September 2011, \$854,974 (31 December 2010 - \$854,974) is outstanding on this loan repayable over a two year term and bear a 6% annual interest rate. On 21 April 2011, this director resigned (*Notes 7i and 9a*).

These amounts were incurred in the ordinary course of business, are non-interest bearing, unsecured and due on demand unless otherwise noted. The above transactions are measured at fair value, which has been determined by negotiations amongst the parties.

7. Loans Payable

	30 September 2011	31 December 2010
i. Short term loans totalling US\$5,229,032 bearing interest at 12.5% per annum with interest only payments payable monthly. On 30 September 2009, as part of the purchase and sale of a 100% interest in the Almaden Gold Project, Western assumed US\$2,900,000 indebtedness to the senior bridge lender. On 1 October 2009, the amount owing to the subordinated lender of US\$2,329,032 was reduced by US\$1,377,591 (Cdn\$1,504,330) as this debt was converted into 2,785,796 shares of the Company (<i>Notes 6g and 9a</i>). Additionally, the transfer of 1,000,000 common shares of Western to the subordinated lender reduced the debt to US\$782,943 (Cdn\$854,974) which was repayable over a two year term and bear a 6% annual interest rate. Pursuant to an amending agreement dated 29 September 2011, a partial repayment of \$250,000 was made on October 1, 2011 and the repayment date extended to November 30, 2011 (<i>Note 10ii</i>). Collateral for this loan is a first priority security agreement on the shares in the Company's wholly owned US subsidiaries and a general security agreement against the assets of the Company including a charge against bulk sampling equipment located on the Golden Summit Property.	854,974	854,974
Total	\$ 854,974	\$ 854,974

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8. Restoration and Environmental Obligations

The Company's restoration and environmental obligations consist of reclamation and closure costs for the Golden Summit Property (Note 3a). The present value of the estimated obligations relating to properties is \$180,500 (31 December 2010 - \$182,792) using discount rates at which cash flows have been discounted by 4.25%. Significant reclamation and closure cost activities include, land rehabilitation, demolition of field camps, ongoing care and maintenance and other costs.

The undiscounted reclamation and closure cost obligation at 30 September 2011 is \$194,360 (US\$200,000) (31 December 2010 - \$198,920 (US\$200,000)) and the cash outflows are expected to occur in 2012.

Movements in the reclamation and closure cost balance during the period are as follows:

	30 September 2011 \$	31 December 2010 \$
Balance, beginning of period	182,792	92,194
Addition	-	91,396
Accretion	1,926	3,919
Foreign exchange difference	(4,218)	(4,717)
Balance, end of period	180,500	182,792

9. Share Capital

a) Share Issuances and Other

On 23 August 2011, the Company closed a non-brokered private placement of 7,218,536 units at \$0.55 per unit for proceeds of \$3,970,195. Each unit consists of one common share and one half non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.75 per share exercisable until 22 August 2012 (Note 9c).

On 16 March 2011, the Company closed a non-brokered private placement of 4,583,331 units at \$0.48 per unit for proceeds of \$2,199,999. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.59 per share exercisable until 16 March 2012 and at a price of \$0.65 per share exercisable until 16 March 2013 (Note 9c).

On 22 December 2010, the Company closed a non-brokered private placement of 11,514,213 units priced at \$0.46 per unit for proceeds of \$5,296,538. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.55 per share exercisable until 15 December 2011 and at a price of \$0.65 per share exercisable until 15 December 2012 (Note 9c).

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On 18 October 2010, the Company agreed to issue 500,000 share purchase warrants with an exercise price of \$0.60 to the convertible loan lenders, as consideration for an extension of the repayment date to 30 November 2010 (*Note 7i*). The fair value of the share purchase warrants of \$125,756 has been recorded as loan extension fees with an offsetting entry to contributed surplus. These warrants were issued on 2 February 2011 (*Note 9c*).

On 1 October 2010, the Company closed a non-brokered private placement of 8,975,759 units of which 7,575,759 units were priced at \$0.33 per unit and 1,400,000 units were priced at \$0.35 per unit for proceeds of \$2,990,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.40 per share exercisable until 1 October 2011 and at a price of \$0.50 per share exercisable until 1 October 2012 (*Note 9c*).

On 27 August 2010, the Company consolidated its 101,153,306 old common shares, exchanging 6 (old) common shares for 1 (new) common share resulting in 16,858,863 new common shares outstanding. All common shares and per share amounts have been adjusted to give retroactive effect to the 6:1 share consolidation that took effect on 27 August 2010 (*Note 1*).

On 6 July 2010, the Company and Western terminated both the Vinasale and Golden Summit Option Agreements whereby Western relinquished its option to earn a 50% undivided interest in each of the Vinasale and the Golden Summit properties. As consideration for the early termination, the Company agreed to issue Western a total of 750,000 common shares of the Company subject to Western paying certain creditors related to the 2010 exploration program on the Vinasale and Golden Summit properties. A reimbursement of mineral property exploration expenditures of \$69,201 for the Golden Summit project and \$200,799 for the Vinasale project has been recorded in the accounts for the year ended 31 December 2010. The offsetting entry is to contributed surplus (*Notes 3a and 3c*).

On 16 February 2010, the Company issued 160,606 common shares to settle \$106,000 (US\$100,000) in debt (*Note 9c*).

On 11 February 2010, the Company issued 1,282,450 common shares and 978,517 common shares to settle \$846,417 and \$645,821 (US\$615,068), respectively, in accounts payable (*Note 5*).

b) Exercise of Warrants and Options

- i) During the period, a total of 7,168,521 (2010 – Nil) warrants were exercised for gross proceeds of \$3,076,408 (2010 – \$Nil).
- ii) During the period, a total of 254,166 (2010 – Nil) options were exercised for gross proceeds of \$126,500 (2010 – \$Nil).

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c) Share Purchase Warrants

As at 30 September 2011, the following share purchase warrants are outstanding:

Number	Price per Share	Expiry Date	
577,083	\$1.20	30 June 2012	
500,000	\$0.60	2 February 2012	*****
3,067,239	\$0.50	1 October 2012	****
10,754,217	\$0.55/\$0.65	15 December 2011/2012	***
4,083,332	\$0.59/\$0.65	16 March 2012/2013	**
3,609,268	\$0.75	22 August 2012	*
Total	22,591,139		

* During the period, 3,609,268 share purchase warrants having a fair value of \$874,598 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of \$0.75 per share exercisable until 22 August 2012 (*Note 9a*).

** During the period, 4,583,332 share purchase warrants having a fair value of \$2,115,850 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of \$0.59 per share exercisable until 16 March 2012 and at a price of \$0.65 per share exercisable until 16 March 2013 (*Note 9a*).

*** During the prior year, 11,514,213 share purchase warrants having a fair value of \$3,350,612 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of \$0.55 per share exercisable until 15 December 2011 and at a price of \$0.65 per share exercisable until 15 December 2012 (*Note 9a*).

**** During the prior year, 8,975,759 share purchase warrants having a fair value of \$2,128,992 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of \$0.40 per share exercisable until 1 October 2011 and at a price of \$0.50 per share exercisable until 1 October 2012 (*Note 9a*).

***** During the period, the Company issued 500,000 share purchase warrants to the convertible loan lenders with an exercise price of \$0.60, expiring on 2 February 2012 (*Notes 7i*).

d) Share Purchase Options

The Company has established share purchase option plans whereby the Board of Directors (the "Board"), may from time to time, grant options to directors, officers, employees or consultants to a maximum of 1,688,208 options. At the Company's Annual and Special Meeting held on 28 April 2008, shareholders approved a resolution which amended the option plans to cap the number of options and performance shares outstanding to 10% of the issued and outstanding shares. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Board. The exercise price of an option is not less than the closing price on the TSX on the last trading day preceding the grant date. Options vest upon the discretion of the Board.

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A summary of the Company's options at 30 September 2011 and the changes for the period are as follows:

Number Outstanding 31 December 2010	Granted	Exercised	Cancelled	Expired	Number Outstanding and Exercisable 30 September 2011	Exercise Price Per Share	Expiry Date
48,333	-	-	-	(48,333)	-	\$2.10	13 March 2011
5,000	-	-	-	(5,000)	-	\$3.00	17 July 2011
4,167	-	-	-	-	4,167	\$9.00	13 July 2012
16,667	-	-	-	-	16,667	\$12.60	1 November 2012
186,667	-	-	-	-	186,667	\$8.52	21 February 2013
25,000	-	-	-	-	25,000	\$8.52	10 April 2013
41,667	-	-	-	-	41,667	\$0.84	14 September 2014
37,500	-	(20,833)	-	-	16,667	\$0.60	4 December 2014
745,833	-	(133,333)	-	-	612,500	\$0.48	26 February 2015
900,000	-	(100,000)	-	-	800,000	\$0.50	29 October 2015
-	2,035,000	-	-	-	2,035,000	\$0.87	10 May 2016
2,010,834	2,035,000	(254,166)	-	(53,333)	3,738,335		

During the period, the Company granted 2,035,000 options to employees, directors and consultants. The total estimated fair value of the 2,035,000 options is \$1,442,062 and was recorded in the Company accounts as stock-based compensation expense. The offsetting entry was to stock options reserve.

During prior periods, the Company granted the following options to employees and directors and recognized the 2010 vested amount as follows:

Grant Date	Granted	Exercise Price	Fair Value	2010 Vested Amount
26 February 2010	745,833	\$0.48	\$287,877	\$287,877
29 October 2010	900,000	\$0.50	\$341,076	\$341,076
8 February 2008	16,667	\$9.00	\$94,562	\$3,986
10 April 2008	25,000	\$8.52	75,038	7,374
Total	1,687,500		\$798,553	\$640,313

The total estimated fair value of the 1,687,500 options is \$798,553. Since the options were granted under a graded vesting schedule, \$640,313 of the total fair value was recorded in the Company accounts as stock-based compensation expense. The offsetting entry was to stock options reserve.

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The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2011	2010	2009
Expected dividend yield	0.00%	0.00%	0.00%
Expected stock price volatility	115.57%	119.92%	113.99%
Risk-free interest rate	2.26%	2.39%	2.55%
Expected life of options	5.00 years	5.00 years	5.00 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

10. Commitments

- i) The Company has outstanding and future commitments under mineral property option agreements to pay cash and issue common shares of the Company (Note 3).
- ii) The Company has outstanding and future commitments under the loan agreement (Note 7i).
- iii) The Company has outstanding future commitments related to trade payables as follows (Note 5):

	\$
31 December 2011	100,000
31 December 2012	<u>136,029</u>
Total	<u>236,029</u>

The Company also has outstanding future commitments related to trade payables in US dollars as follows (Note 5):

	US\$
31 December 2011	100,000
31 December 2012	100,000
31 December 2013	<u>66,425</u>
Total	<u>266,425</u>

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11. Segmented Information

Details on a geographic basis as at 30 September 2011 are as follows:

	USA	Canada	Total
Loss for the period	\$ (95,222)	\$ (2,562,294)	\$ (2,657,516)
Comprehensive loss for the period	\$ (95,222)	\$ (2,562,294)	\$ (2,657,516)
Current assets	\$ 641,314	\$ 7,474,432	\$ 8,115,746
Property, plant and equipment	\$ 2,164,250	\$ 14,702	\$ 2,178,952
Mineral property costs	\$ 28,483,879	\$ -	\$ 28,483,879
Total assets	\$ 31,289,443	\$ 7,489,134	\$ 38,778,577

Details on a geographic basis as at 30 September 2010 are as follows:

	USA	Canada	Total
Loss for the period	\$ (139,079)	\$ (775,388)	\$ (914,467)
Comprehensive loss for the period	\$ (139,079)	\$ (1,239,388)	\$ (1,378,467)
Current assets	\$ 23,767	\$ 166,244	\$ 190,011
Property, plant and equipment	\$ 2,320,173	\$ 35,432	\$ 2,355,605
Mineral property costs	\$ 23,127,883	\$ -	\$ 23,127,883
Total assets	\$ 25,472,392	\$ 201,107	\$ 25,673,499

Details on a geographic basis as at 31 December 2010 are as follows:

	USA	Canada	Total
Loss for the year	\$ (69,103)	\$ (2,363,467)	\$ (2,432,570)
Comprehensive loss for the year	\$ (69,103)	\$ (2,827,467)	\$ (2,896,570)
Current assets	\$ 91,468	\$ 4,790,442	\$ 4,881,910
Property, plant and equipment	\$ 2,096,081	\$ -	\$ 2,096,081
Mineral property costs	\$ 23,633,774	\$ -	\$ 23,633,774
Total assets	\$ 25,821,323	\$ 4,790,442	\$ 30,611,765

12. Contingency

In connection with a proposed financing in a prior year, the Company entered into an agreement with a third party under which a commission was payable in certain circumstances. No financings resulted from this arrangement and the Company arranged alternative financing. The third party maintains that it is owed a commission but the Company is disputing such claim. Arbitration proceedings have been initiated by the third party but no amounts have been accrued in these consolidated financial statements relating to this contingency because the Company believes the ultimate outcome cannot be reasonably determined at the present time.

13. Comparative Figures

Certain comparative figures have been adjusted to conform to the current period's presentation.

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14. Financial Instruments and Risk Management

a) Financial Instruments

The carrying value of financial assets and liabilities at 30 September 2011, 31 December 2010 and 1 January 2010 are as follows:

	30 September 2011	31 December 2010	1 January 2010
Financial Assets			
<i>FVTPL, measured at fair value</i>			
Cash and cash equivalents	\$ 7,945,440	\$ 4,818,038	\$ 328,354
<i>Loans and receivables, measured at amortized cost</i>			
Receivables	68,178	21,598	13,855
<i>Available-for-sale, measured at fair value</i>			
Available-for-sale investments	\$ -	\$ -	\$ 1,200,000
	30 September 2011	31 December 2010	1 January 2010
Financial Liabilities			
<i>FVTPL, measured at fair value</i>			
Derivative liability	\$ -	\$ -	\$ 298,061
<i>Other liabilities, measured at amortized cost</i>			
Trade payables	1,809,163	1,165,275	3,085,837
Due to related parties	31,430	448,179	458,540
Loans payable	\$ 854,974	\$ 854,974	\$ 1,482,911

The fair value hierarchy of financial instruments measured at fair value on the balance sheet is as follows:

	30 September 2011	31 December 2010	1 January 2010
	Level 1	Level 1	Level 1
Cash and cash equivalents	\$ 7,945,440	\$ 4,818,038	\$ 328,354
Available-for-sale investments	\$ -	\$ -	\$ 1,200,000
	Level 2	Level 2	Level 2
Derivative liability	\$ -	\$ -	\$ 298,061

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b) Capital Management

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, accumulated other comprehensive income and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended 30 September 2011. Neither the Company nor its subsidiaries is subject to externally imposed capital requirements.

c) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at 30 September 2011, amounts receivable was comprised of Harmonized Sales Tax receivable of \$19,778 (31 December 2010 - \$21,598), interest receivable of \$12,062 (31 December 2010 - \$Nil) and a supplier credit of \$36,338 (31 December 2010 - \$Nil). As a result, credit risk is considered insignificant.

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As the Company's financial instruments are substantially comprised of cash and cash equivalents, liquidity risk is considered insignificant.

e) Currency Risk

The Company is exposed to currency risk on its acquisition and exploration expenditures on its US properties since it has to convert Canadian dollars raised through equity financing in Canada to US dollars. The Company's expenditures will be negatively impacted if the US dollar increases versus the Canadian dollar.

The majority of the Company's expenses and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has cash and cash equivalents held in US dollars.

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The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash and cash equivalents in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and balance sheet exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the periods ended 30 September 2011, 31 December 2010 and 1 January 2010:

	30 September 2011	31 December 2010	1 January 2010
Cash and cash equivalents	US\$ 1,198,637	US\$ 189,872	US\$ 125,918
Trade payables	US\$ 1,621,722	US\$ 876,827	US\$ 2,785,765
Loans payable	-	-	US\$ 1,444,500

A 1% change in Canadian/US foreign exchange rate at period end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately \$4,231 for the period ended 30 September 2011.

The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

f) Interest Risk

The Company is not subject to interest risk.

f) Commodity Price Risk

The Company is in the exploration stage and is not subject to commodity price risk.

15. Transition to International Financial Reporting Standards

The Company has adopted IFRS with a transition date of 1 January 2010 (the "Transition Date"), the details of which are described in the condensed interim financial statements for the three months ended 31 March 2011. Under IFRS 1, "*First-time Adoption of International Financial Reporting Standards*", the IFRS are applied retrospectively at the Transition Date with certain exemptions.

a) Share-based Payments

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, "*Share-based Payment*" to equity instruments that were granted on or before 7 November 2002, or equity instruments that were granted subsequent to 7 November 2002 and vested before the Transition Date. The Company elected not to apply IFRS 2 to equity instruments that vested prior to the Transition Date.

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This resulted in an increase of stock options reserve as at the Transition Date of \$30,291 with an increase in deficit of an equal amount, and a decrease in share-based payment expense of \$8,308 for the year ended 31 December 2010, of which \$Nil and \$8,308 was adjusted for the three and nine months ended 30 September 2010, respectively.

b) Restoration and Environmental Obligations

IFRIC 1, "*Changes in Existing Decommissioning, Restoration and Similar Liabilities*" requires re-measurement of the restoration and environmental obligation liability at each period end to reflect changes due to changes in various assumptions, including the discount rate which reflects current market assessment of the time value of money and risk specific to the liability. IFRS 1 provides an optional exemption to elect not to retrospectively recalculate the restoration and environmental obligation liability and the related impact on the cost of the related asset and accumulated depreciation. The Company elected to use this exemption and measured the liability as at the Transition Date adjusted for a historical risk discount rate.

This resulted in a decrease of exploration and evaluation properties as at the Transition Date of \$569 with a decrease in restoration and environmental obligation liability of an equal amount, and a decrease in deficit of \$4,740 for the year ended 31 December 2010, of which \$1,787 and (\$1,442) was adjusted for the three and nine months ended 30 September 2010, respectively.

As at 30 September 2010, exploration and evaluation properties decreased by \$569 and the restoration and environmental obligation liability increased by \$873.

c) Flow-through Shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146, "*Flow-through Shares*". At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a deferred tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP, a portion of the deferred 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.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed, with any difference recorded as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

The change in accounting policy related to flow-through shares resulted in an increase in share capital and an increase in deficit of \$80,816 as at the Transition Date.

The Company has not issued any flow-through shares since 2004.

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d) Financial instruments – Derivative Liability

During the year ended 31 December 2008, the Company issued convertible loans that were convertible into a fixed number of the Company's common shares in exchange for a fixed amount of US dollar (Note 7i). Under Canadian GAAP, the Company accounted for the issue of convertible loans in accordance with CICA Handbook Section 3863, "*Financial Instruments – Presentation*". At the time of issue, the compound financial instrument is bifurcated into a liability component and an equity component. The Company assigned to the equity component the residual amount after deducting from the compound financial instrument as a whole the fair value determined for the liability component.

Under IFRS, a convertible loan that is denominated in a foreign currency has no equity component and is presented as a liability with an embedded derivative. The convertible loan is classified as a financial liability under IAS 32, "*Financial Instruments: Presentation*" and is subject to IAS 39, "*Financial Instruments: Recognition and Measurement*" for recognition and measurement. The embedded derivative liability is initially recognized at fair value and is classified as financial liability at FVTPL. The fair value of the embedded derivative liability was determined using the Black-Scholes option pricing model. The embedded derivative liability is presented separately in the statement of financial position.

The change in accounting policy related to convertible loan denominated in foreign currency resulted in following differences:

As at	1 January 2010	30 September 2010	31 December 2010
Decrease in loans payable	955,799	983,212	-
Increase in derivative liability	(298,061)	-	-
Decrease in deficit	(657,738)	(983,212)	-

e) Financial Instruments – Available-for-Sale

Under Canadian GAAP, the Company grouped its redeemable guaranteed investment certificate as available-for-sale instruments. Upon adoption of IFRS, the Company determined both that the redeemable guaranteed investment certificate meets the criteria for financial assets at FVTPL and that it should be grouped as cash and cash equivalents.

f) Reclassification within Equity section

Under Canadian GAAP, "Contributed Surplus" was used to record the issuance of warrants and stock options as well as shares to be issued and warrants to be issued. Upon adoption of IFRS, the balances in "Contributed Surplus" have been reclassified to "Stock option reserve", "Warrants reserve" and "Other reserve".

In addition, the Company reclassified the balance of the "Accumulated other comprehensive income" that existed under Canadian GAAP into "Available-for-sale investments reserve".

Freegold Ventures Limited
(An Exploration Stage Company)

Notes to Condensed Consolidated Financial Statements
30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

Reconciliation of Statement of Financial Position as at 30 September 2010

ASSETS	Note	Canadian GAAP	IFRS Adjustments	IFRS
Current				
Cash and cash equivalents	(e)	\$ 113,870	\$ 10,647	\$ 124,517
Amounts receivable		15,090	-	15,090
Available-for-sale investments	(e)	10,647	(10,647)	-
Prepaid expenses and deposits		50,404	-	50,404
		190,011	-	190,011
Exploration and Evaluation Properties	(b)	23,128,452	(569)	23,127,883
Property, Plant and Equipment		2,355,605	-	2,355,605
		\$ 25,674,068	\$ (569)	\$ 25,673,499
LIABILITIES				
Current				
Trade payables		\$ 1,497,125	\$ -	\$ 1,497,125
Due to related parties		766,024	-	766,024
Loans payable	(d)	1,596,974	(983,212)	613,762
		3,860,123	(983,212)	2,876,911
Trade Payables – Long Term		864,201	-	864,201
Restoration and Environmental Obligations	(b)	92,763	873	93,636
Loans Payable – Long Term		854,974	-	854,974
		5,672,061	(982,339)	4,689,722
EQUITY				
Share Capital	(c)	54,647,148	80,816	54,727,964
Contributed Surplus	(f)	6,156,746	(6,156,746)	-
Stock Options Reserve	(a)(f)	-	4,412,869	4,412,869
Warrants Reserve	(f)	-	1,405,860	1,405,860
Other Reserve	(f)	-	360,000	360,000
Deficit	(a)(b)(c)(d)	(40,801,887)	878,971	(39,922,916)
		20,002,007	981,770	20,983,777
		\$ 25,674,068	\$ (569)	\$ 25,673,499

Freegold Ventures Limited
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Notes to Condensed Consolidated Financial Statements
30 September 2011 and 2010

Canadian Funds
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Reconciliation of Statement of Loss and Comprehensive Loss
For the Three Month Period Ended 30 September 2010

	Note	Canadian GAAP	IFRS Adjustments	IFRS
General and Administrative Expenses				
Consulting fees		\$ 5,130	\$ -	\$ 5,130
Travel		39,450	-	39,450
Director fees		6,000	-	6,000
Promotion and shareholder relations		2,908	-	2,908
Professional fees		35,315	-	35,315
Wages, salaries and benefits		32,008	-	32,008
Transfer and filing fees		41,280	-	41,280
Rent and utilities		9,367	-	9,367
Office and miscellaneous		8,891	-	8,891
Amortization		2,427	-	2,427
Accretion	(b)	-	994	994
Loss Before Other Income (Expenses)		(182,776)	(994)	(183,770)
Other Income (Expenses)				
Gain (loss) on sale of available-for-sale securities		(216,937)	-	(216,937)
Gain on forgiveness of debt		4,031	-	4,031
Amortization of mining equipment		(57,925)	-	(57,925)
Foreign exchange gain (loss), net	(b)	77,321	2,781	80,102
Interest, bank charges and loan arrangement fees		(60,016)	-	(60,016)
Gain (loss) on derivative liability	(d)	-	(20,683)	(20,683)
		(253,526)	(17,902)	(271,428)
Net Loss for the Period		\$ (436,302)	\$ (18,896)	\$ (455,198)
Other Comprehensive Income (Loss)				
Unrealized gain on available-for-sale investments		50,393	-	50,393
Comprehensive Loss for the Period		\$ (385,909)	\$ (18,896)	\$ (404,805)

Notes to Condensed Consolidated Financial Statements

30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

Reconciliation of Statement of Loss and Comprehensive Loss For the Nine Month Period Ended 30 September 2010

	Note	Canadian GAAP	IFRS Adjustments	IFRS
General and Administrative Expenses				
Consulting fees		\$ 14,540	\$ -	\$ 14,540
Share-based payments	(a)	299,238	(8,308)	290,930
Travel		82,932	-	82,932
Promotion and shareholder relations		23,893	-	23,893
Director fees		27,000	-	27,000
Professional fees		123,580	-	123,580
Wages, salaries and benefits		94,609	-	94,609
Transfer and filing fees		135,479	-	135,479
Rent and utilities		38,298	-	38,298
Office and miscellaneous		23,427	-	23,427
Amortization		7,281	-	7,281
Accretion	(b)	-	2,940	2,940
Loss Before Other Income (Expenses)		(870,277)	5,368	(864,909)
Other Income (Expenses)				
Gain (loss) on sale of available-for-sale securities		(214,241)	-	(214,241)
Gain on forgiveness of debt		94,156	-	94,156
Interest income		171	-	171
Amortization of mining equipment		(188,209)	-	(188,209)
Foreign exchange gain (loss), net	(b)	45,090	1,498	46,588
Interest, bank charges and loan arrangement fees		(113,497)	-	(113,497)
Gain on derivative liability	(d)	-	325,474	325,474
		(376,530)	326,972	(49,558)
Net Loss for the Period		\$ (1,246,807)	\$ 332,340	\$ (914,467)
Other Comprehensive Income (Loss)				
Unrealized loss on available-for-sale investments		(464,000)	-	(464,000)
Comprehensive Loss for the Period		\$ (1,710,807)	\$ 332,340	\$ (1,378,467)

Freegold Ventures Limited
(An Exploration Stage Company)

Notes to Condensed Consolidated Financial Statements
30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

Reconciliation of Statement of Cash Flows
For the Nine Month Period Ended 30 September 2010

	Note	Canadian GAAP	IFRS Adjustments	IFRS
Operating Activities				
Loss for the period	(a)(b)(d)	\$ (1,246,807)	\$ 332,340	\$ (914,467)
Items not affecting cash:				
Amortization		195,490	-	195,490
Accretion	(b)	-	2,940	2,940
(Gain) loss on sale of available-for-sale securities		214,241	-	214,241
Share-based payments	(a)	299,238	(8,308)	290,930
Gain on derivative liability	(d)	-	(325,474)	(325,474)
Unrealized foreign exchange gain	(b)	-	(1,498)	(1,498)
Net changes in non-cash working capital components:				
Amounts receivable		(1,234)	-	(1,234)
Prepaid expenses and deposits		(23,505)	-	(23,505)
Accounts payable		(388,135)	-	(388,135)
Accrued liabilities		(29,000)	-	(29,000)
Due to related parties		307,484	-	307,484
		(672,228)	-	(672,228)
Investing Activities				
Proceeds on sale of available-for-sale investments	(e)	526,112	(4,353)	521,759
Mineral property acquisition costs		(58,581)	-	(58,581)
		467,531	(4,353)	463,178
Financing Activities				
Share issuance costs		(7,144)	-	(7,144)
Foreign exchange on loans		12,357	-	12,357
		5,213	-	5,213
Net Increase in Cash and Cash Equivalents		(199,484)	(4,353)	(203,837)
Cash and cash equivalents - Beginning of period	(e)	313,354	15,000	328,354
Cash and Cash Equivalents - End of Period		\$ 113,870	\$ 10,647	\$ 124,517

Notes to Condensed Consolidated Financial Statements
30 September 2011 and 2010

Canadian Funds
(Unaudited – Prepared by Management)

16. Subsequent Events

The following events occurred during the period from 30 September 2011 to the date the consolidated financial statements were available to be issued on 9 November 2011:

- i) 55,000 warrants were exercised for gross proceeds of \$30,250;
- ii) 1,590,000 options to purchase shares at \$0.65 were granted on 20 October 2011.