OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

December 31, 2011 and 2010

CHARTERED ACCOUNTANTS
MacKay LLP

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Independent Auditor's Report

To the Shareholders of
Omineca Mining and Metals Ltd.

We have audited the accompanying financial statements of Omineca Mining and Metals Ltd., which comprise the statement of financial position as at December 31, 2011, December 31, 2010, and January 1, 2010, and the statements of operations and comprehensive loss, shareholders' equity (deficit) and cash flows for the periods ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted auditing standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Omineca Mining and Metals Ltd. as at December 31, 2011, December 31, 2010, and January 1, 2010 and its financial performance and its cash flows for the periods ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Omineca Mining and Metals Ltd. to continue as a going concern.

"MacKay LLP"

Chartered Accountants
Vancouver, British Columbia
April 30, 2012

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	December 31, 2011	December 31, 2010 (Note 1)	January 1, 2010 (Note 1)
Assets			
Current			
Cash and cash equivalents	**$ 2,872,345**	$ -	$ -
Accounts receivable	**14,886**	-	-
Investments (Note 5)	**98,125**	816,000	354,501
	2,985,356	816,000	354,501
Long term investments (Note 5)	**12,625**	37,600	5,000
Exploration and evaluation assets (Note 6)	**471,495**	175,623	35,712
	$ 3,469,476	$ 1,029,223	$ 395,213
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities	**$ 46,018**	$ 3,181	$ 53,157
Other liabilities (Note 7)	**63,213**	-	-
	109,231	**3,181**	**53,157**
Shareholders' equity			
Share capital (Note 7)	**5,766,550**	-	-
Contributed surplus (Note 7)	**371,823**	4,436,112	3,665,391
Accumulated other comprehensive loss (Notes 5 & 14)	**(19,626)**	(92,775)	(553,124)
Deficit	**(2,758,502)**	(3,317,295)	(2,770,211)
	3,360,245	1,026,042	342,056
	$ 3,470,476	$ 1,029,223	$ 395,213

Nature and Continuance of Operations (Note 2)
Commitments and Contingencies (Notes 6 & 10)
Subsequent Events (Note 15)

On behalf of the Board:

"Timothy J Termuende" Director
Mr. Timothy J. Termuende (Signed)

"Glen J Diduck" Director
Mr. Glen J. Diduck (Signed)

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

Years ended December 31,	**2011** (Note 1)	2010 (Note 1)
Expenses		
Administration costs (Note 9)	**$ 250,250**	$ 127,515
Professional fees (Note 9)	**64,871**	43,258
Public company costs	**20,510**	35,824
Share-based payments (Note 7)	**371,823**	285,082
Trade shows, travel and promotion	**61,496**	40,961
Write down of exploration and evaluation assets (Note 6)	-	63,194
Loss before other items	**(768,950)**	(595,834)
Other items		
Option proceeds in excess of carrying value	**40,085**	48,750
Investment income	**12,981**	-
Loss on sale of investments	**(343,430)**	-
Loss for the year	$ **(1,059,314)**	**$** (547,084)
Other comprehensive income (loss)		
Unrealized gain (loss) on investments	64,350	460,349
Reclassification on disposition of investments	(137,499)	-
Comprehensive income (loss) for the year	**$ (1,132,463)**	**$ (86,735)**
Loss per share – basic and diluted (Note 8)	**$ (0.09)**	
Weighted average number of shares – basic and diluted (Note 8)	**12,307,535**	

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

Years ended December 31,	**2011**	2010
Cash flows from operating activities		
Loss for the year	**$ (1,059,314)**	$ (547,084)
Adjustment for:		
Share-based payments	**371,823**	285,082
Loss on sale of investments	**343,430**	-
Write down of exploration and evaluation assets	-	63,194
Option proceeds in excess of carrying value	**(40,085)**	(48,750)
	(384,146)	(247,558)
Changes in non-cash working capital items		
(Increase) decrease in accounts receivable	**(14,886)**	**-**
Increase (decrease) in accounts payable	**44,130**	**-**
	(354,902)	(247,558)
Cash flows from financing activity		
Funding provided by Copper Canyon	**112,419**	535,640
Proceeds from private financing, net of costs	**373,607**	**-**
Funding per Plan of Arrangement (Note 1)	**2,500,000**	**-**
	2,986,026	535,640
Cash flows from investing activities		
Purchase of investment	**(5,000)**	**-**
Proceeds from the sale of investments	**501,569**	-
Cash option payments received	**50,000**	20,000
Exploration of mineral exploration properties	**(305,348)**	(308,082)
	241,221	(288,082)
Change in cash and cash equivalents	**2,872,345**	**-**
Cash and cash equivalents, beginning of year	**-**	**-**
Cash and cash equivalents, end of year	**$ 2,872,345**	$ -
Cash and cash equivalents comprise:		
Bank deposits	**$ 61,802**	
Term deposits	**2,810,543**	
	$ 2,872,345	

Statement of Cash Flows (Note 12)

The Company made no cash payments for income taxes or interest.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Share Capital		Contributed	Accumulated Other Comprehensive		
	Shares	Amount	Surplus	Income (loss)	Deficit	Total
Balance, January 1, 2010	-	$ -	$ 3,665,391	$ (553,124)	$(2,770,211)	$ 342,056
Cash funding provided by CPY	-	-	485,639	-	-	485,639
Share-based payments funded by CPY	-	-	285,082	-	-	285,082
Other comprehensive gain (loss)	-	-	-	460,349	-	460,349
Loss for the year	-	-	-	-	(547,084)	(547,084)
Balance, December 31, 2010	-	-	4,436,112	(92,775)	(3,317,295)	1,026,042
Shares issued under Plan of Arrangement (Note 1)	15,917,744	5,456,156	(4,436,112)	-	1,618,107	2,638,151
Share-based payments	-	-	371,823	-	-	371,823
Shares issued for cash	2,107,094	310,394	-	-	-	310,394
Other comprehensive gain (loss)	-	-	-	73,149	-	73,149
Loss for the year	-	-	-	-	(1,059,314)	(1,059,314)
Balance, December 31, 2011	**18,024,838**	**$ 5,766,550**	**$ 371,823**	**$ (19,626)**	**$ (2,758,502)**	**$3,360,245**

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

1. Plan of Arrangement and Transfer of Assets

On May 20, 2011, NovaGold Resources Inc acquired all of the outstanding common shares of Copper Canyon Resources Ltd. ("Copper Canyon" or "CPY") by way of a Plan of Arrangement (the "Arrangement") under the Business Corporations Act (Alberta).

Under the Arrangement, Copper Canyon shareholders received 0.0735 common shares of NovaGold for each common share of Copper Canyon, plus one common share of a newly incorporated company, being Omineca Mining and Metals Ltd. (the "Company" or "Omineca" or "OMM"), for every four shares of Copper Canyon. In connection with the completion of the Arrangement, the common shares of Omineca were listed on the TSX Venture Exchange.

As part of the Plan of Arrangement, Copper Canyon transferred to Omineca $2,500,000 cash and its interests in the Harrison Lake (Abo) Gold Property, the Severance Project and the Kiwi Project (the "Spin-out Properties) as well as all share positions in other companies (collectively, the "Omineca Business") held by Copper Canyon.

The Company's financial statements reflect the financial position, statements of comprehensive loss, cash flows and equity of the Omineca Business as if Omineca existed in its present form during the years reported. The statements of comprehensive loss for the year ended December 31, 2010 and the period to May 20, 2011 which is included in the results to December 31, 2011, include an allocation of CPY's general and administrative expenses incurred in each of these years. The allocation of general and administrative expenses was calculated on the basis of the ratio of costs incurred on the Spin-out Properties in each period presented as compared to the costs incurred on all mineral properties of CPY in each of these years.

The financial statements have been presented under the continuity of interest basis of accounting with statement of financial position amounts based on the amounts recorded by CPY. Management cautions readers of these financial statements that the allocation of expenses does not necessarily reflect future general and administrative expenses.

The opening deficit of the Company at January 1, 2010 was calculated by applying the same allocation principles outlined above to the cumulative transactions relating to the Spin-out Properties from the date of acquisition of those mineral properties to December 31, 2009 and includes an allocation of CPY's general and administrative expenses from the date of acquisition of those mineral properties to December 31, 2009. The allocation of general and administrative expense was calculated on the basis of the ratio of costs incurred on the Spin-out Properties in each prior year as compared to the costs incurred on all mineral properties of CPY in each of those prior years.

2. Nature and Continuance of Operations

The Company was incorporated on March 15, 2011, pursuant to the Alberta Business Corporation Act (Alberta), and is extra-provincially registered in the Yukon and British Columbia.

The Company holds properties in British Columbia and the Yukon for the purpose of exploring for, and the development of mineral resources. As the Company has not commenced production on any of its mining properties the Company is an exploration stage company.

The Company's corporate office and principal place of business is Suite 200, 44-12th Avenue South, Cranbrook, British Columbia, Canada.

These statements have been prepared on the basis of accounting principles applicable to a going concern. Management has assessed that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Recoverability of the amounts shown for mineral exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and attain profitable production or proceeds from the disposition of the properties in excess of the carrying amount.

3. Basis of Preparation

(a) Statement of Compliance

The financial statements for the Company for the year ending December 31, 2011 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on April 30, 2012.

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as FVTPL and available-for-sale which are stated at their fair value.

In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(c) Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant areas requiring the use of management estimates include impairment of exploration and evaluation assets; reclamation and environmental obligations; inputs used in accounting for share-based payments in profit or loss and determining the provision for deferred income taxes; allocation of administrative expense on the spin-out from CPY.

Areas of significant judgment include the classification of financial instruments and the classification of exploration and evaluation expenditures, which requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments with maturities of three months or less from the date of purchase that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Financial instruments
Financial instruments recognized in the statement of financial position include cash and cash equivalents, accounts receivables, investments, and accounts payable and accrued liabilities.

Financial assets

Financial assets at fair value through profit or loss (“FVTPL”)
Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit and loss.

The Company has classified cash and cash equivalents as FVTPL.

Available-for-sale financial assets (“AFS”)
Investments in marketable securities are classified as AFS financial assets. Investments are initially recognized at fair value and are subsequently carried at fair value with changes recognized in other comprehensive income or loss. Fair value is based on closing market prices for publicly traded shares without recognizing the possible effects of price fluctuations, quantities traded and similar items.

Shares held in escrow have been valued at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model. The cost of securities sold is based on the specific identification method. Realized gains and losses, including any other-than-temporary decline in value, on these equity securities are removed from AOCI and recorded in income or loss.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified.

The Company has classified accounts receivable as loans and receivables.

Transactions costs associated with FVTPL and available-for-sale financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment of financial assets
The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

Where impairment has occurred, the cumulative loss is recognized in the profit and loss.

4. Significant Accounting Policies - continued

b) Financial instruments - continued

Financial liabilities

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income/loss. The Company has not classified any financial liabilities as FVTPL.

The Company holds various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

c) Exploration and evaluation expenditures

Pre-exploration costs
Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into option arrangements, whereby the Company may transfer part of a mineral interest, as consideration, for an agreement by the optionee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

4. Significant Accounting Policies - continued

c) Exploration and evaluation expenditures - continued

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

d) Mineral tax credit
The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments if any, resulting from such a review are recorded in the period that the tax filings are amended.

e) Option agreements
Certain of the Company's exploration and development activities are conducted jointly with others through option agreements. These financial statements reflect only the Company's proportionate interest in such activities.

f) Impairment of non-financial assets
At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the income statement for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit and loss.

g) Rehabilitation obligations
The Company recognizes the fair value of a legal and constructive liability for a rehabilitation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operation. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have material rehabilitation obligations.

h) Income taxes
Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

4. Significant Accounting Policies - continued

h) Income taxes - continued

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

i) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's year is disclosed separately as flow-through share proceeds in Note 10.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

4. Significant Accounting Policies - continued

j) Per share amounts

Basic income per common share is computed by dividing the net income for the year by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to re-purchase common shares of the Company at the average market price during the year.

k) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

4. Significant Accounting Policies - continued

l) New accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2011 reporting period. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 (or as noted) with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

IFRS 7 – 'Financial Instruments Disclosures' – Disclosures on Transfers of Financial Assets
These amendments are applicable to annual reporting periods beginning on or after July 1, 2011. These amendments add and amend disclosure requirements about transfers of financial assets, including the nature of the financial assets involved and the risks associated with them.

IAS 12 – 'Income Taxes' – Amendments Regarding Deferred Tax: Recovery of Underlying Assets
These amendments are applicable to annual reporting periods beginning on or after January 1, 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life.

IFRS 9 – Financial Instruments
IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 – Consolidation
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IAS 24 – Related Party Disclosures
The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

4. Significant Accounting Policies - continued

l) New accounting pronouncements - continued

IFRS 13 - Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

5. Investments

The Company holds securities that have been designated as available-for-sale as follows:

	December 31, 2011		December 31, 2010		January 1, 2010	
	Market Value	Cost	Market Value	Cost	Market Value	Cost
Current: Common shares in public companies	$ 98,125	$ 125,376	$ 816,000	$ 941,375	$ 354,501	$ 960,625
Long-term: Common shares of public companies held in escrow	7,625	-	32,600	-	-	-
Term deposit	5,000	5,000	5,000	5,000	5,000	5,000
	$ 12,625	$ 5,000	$ 37,600	$ 5,000	$ 5,000	$ 5,000

For securities traded in an active market, market value is based on the quoted closing prices of the securities at December 31, 2011. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded.

The Company holds public traded securities held in escrow to be released to the Company over a period from February 15, 2012 to February 15, 2015. Securities held in escrow have been recorded at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model.

Accumulated other comprehensive loss of $19,626 is the result of the change in fair value up to December 31, 2011.

6. Exploration and Evaluation Assets

	January 1, 2010	Acquisition & Exploration Costs	Option and Other Payments	Option Proceeds in Excess of Carrying Value	Property Write Downs	**December 31, 2010**
British Columbia						
Abo	$ 1,501	$ 34,023	$ -	$ -	$ -	$ 35,524
Yukon						
Anvil	11,409	1,534	(4,690)	-	(8,253)	-
Ark	10,848	3,197	(4,405)	-	(9,640)	-
Ivor	-	33,325	-	-	(33,325)	-
Kiwi	-	190,098	(50,000)	-	-	140,098
Severance	1	5,000	(53,750)	48,750	-	1
Tally Ho	11,953	5,140	(5,117)	-	(11,976)	-
	$ 35,712	$ 272,317	$ (117,962)	$ 48,750	$ (63,194)	**$ 175,623**

	December 31, 2010	Acquisition & Exploration Costs	Option and Other Payments	Option Proceeds in Excess of Carrying Value	Property Write Downs	**December 31, 2011**
British Columbia						
Abo	$ 35,524	$ 3,392	$ (79,000)	$ 40,085	$ -	$ 1
Yukon						
Kiwi	140,098	308,180	-	-	-	448,278
Severance	1	23,215	-	-	-	23,216
	$ 175,623	$ 334,787	$ (79,000)	$ 40,085	$ -	**$ 471,495**

6. Exploration and Evaluation Assets - continued

Abo
The property, situated 5 kilometers north of Harrison Hot Springs, B.C. The Hot 4 claim is subject to a 2% NSR.

On November 17, 2011, the Company completed an option agreement whereby Sierra Madre Developments Inc. ("Sierra") can earn a 100% interest in the property by making exploration expenditures of $3,000,000 and completing payments of 4,000,000 shares and $1,000,000 cash over the five year period commencing on the date of Exchange Approval. The Property is subject to a 2% Net Smelter Return Royalty payable to the Company. Sierra Madre has the right to purchase 1% of the Royalty at any time for the sum of $1,000,000 in cash. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 25,000	-	$ -	On execution date (received)
25,000	200,000	-	On exchange approval (received)
50,000	300,000	100,000	First anniversary of exchange approval
100,000	500,000	150,000	Second anniversary of exchange approval
100,000	500,000	250,000	Third anniversary of exchange approval
200,000	1,000,000	1,000,000	Fourth anniversary of exchange approval
500,000	1,500,000	1,500,000	Fifth anniversary of exchange approval
$1,000,000	4,000,000	$ 3,000,000	

Kiwi
Omineca has an unencumbered 100% interest in the Kiwi property located 70 km northeast of Ross River, in the central Yukon. The claims consist of 32 claims located 25km west of the North Canol Road.113 new claims were staked in the summer of 2011 to increase the property holdings.

Severance Project
The property, located in the west-central Yukon, was originally acquired through an option agreement whereby a 2% Net Smelter Royalty is reserved for the vendor, 4763 NWT Ltd., half of which may be purchased at any time for $1,000,000. The Company has also agreed to reserve for the vendor 25% of the proceeds from any subsequent third-party sale or option of the claims, to a maximum of $100,000.

On March 21, 2007, an option agreement was executed with Northern Freegold Resources Ltd. ("NFR"; which has common directors with the Company) whereby NFR may earn a 100% interest (less 3% NSR, of which 2% may be purchased for $1,500,000) in the Severance Property, by making cash payments totaling $37,500 and issuing 225,000 common shares (received). Under the agreement, NFR. also agreed to:

(a) assume Omineca's obligation to pay to 4763 NWT Ltd. a 2% Net Smelter Royalty on all mineral production from the Severance Property,
(b) pay to Omineca a 1% Net Smelter Royalty following commercial production on the Severance Property.

The Company has the right to receive 500,000 shares of Northern Freegold Resources Ltd. following:
(a) the commencement of commercial production;
(b) Northern Freegold Resources Ltd.'s transfer of its interest in the Severance Property without Omineca's consent; or
(c) the sale, transfer, conveyance or other disposition of a control interest in Northern Freegold Resources Ltd. (control interest being an interest allowing a holder to direct or cause the direction of the management and policies of Northern Freegold).

The Company is obligated to transfer 25% of the 500,000 shares, to a maximum value of $28,750 it receives from Northern Freegold Resources Ltd. referred to above to 4763 NWT Ltd. upon its receipt of same. During the year ended December 31, 2011, NFR decided to grant the Company 500,000 shares to facilitate the optioning out of the property. The shares are subject to escrow, with the following release dates: 125,000 issued on January 25, 2012 (received subsequent to year end); 125,000 on May 16, 2012; 125,000 on November 16, 2012 and 125,000 on May 16, 2013.

7. Equity Instruments

a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

	Number of shares	Amount
Balance, December 31, 2010	-	$ -
Seed share	1	-
Issuance of shares – Plan of Arrangement	15,917,743	5,456,156
Shares issued for cash	2,107,094	373,607
Flow-through premium	-	(63,213)
Balance, December 31, 2011	**18,024,838**	**$ 5,766,550**

2011 share issuance

In the second quarter, the Company issued 15,917,743 shares on the completion of the Plan of Arrangement.

In the fourth quarter, the Company offered 2,107,094 flow-through units for gross proceeds of $379,277. Flow-through units were sold at a price of $.18 per unit, each unit consisting of a flow-through common share and one-half non-flow-through common share purchase warrant, each warrant exercisable at $.30 for a 24 month period, expiring December 15, 2013. Share issue costs incurred in conjunction with this offering totalled $5,670. In conjunction with this financing the Company has recorded a flow-through premium liability of $63,213

c) Stock option plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

As at **December 31, 2011,** the Company has the following stock options outstanding:

Total issued and outstanding	Number of Options	Option Price per Share Range	Weighted Average Exercise Price
Options outstanding, January 1 & December 31, 2010	-	-	-
Options issued in the year	1,445,000	$0.40	$0.40
Options cancelled	(65,000)	($0.40)	($0.40)
Options outstanding, December 31, 2011	**1,380,000**	**$0.40**	**$0.40**

The following table summarizes information about stock options outstanding at **December 31, 2011:**

Options Outstanding	Option Price	Weighted Average Exercise Price	Expiry Date	Number of Options Currently Exercisable	Exercise Price of Options Currently Exercisable
1,380,000	**$0.40**	**$0.40**	**June 8, 2016**	**1,365,000**	**$0.40**

7. Equity Instruments - continued

d) Compensation expense for share options

As at December 31, 2011, $369,883 has been recorded as share-based compensation related to the options vested during the period. Share-based compensation included in the financial statements and related to options granted prior to May 20, 2011, represent an allocation of CPY's related share based compensation amounts on a pro-rata basis amounting to $285,082. Compensation expense has been determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period. The Company valued the options issued using the Black-Scholes model with the following weighted average assumptions:

Weighted average assumptions:	2011
Expected annual volatility	142.09%
Expected risk free rate	2.30%
Expected term	5 yrs
Expected dividends	Nil
Fair value	$0.26

e) Warrants outstanding

At **December 31, 2011**, the Company has the following share purchase warrants outstanding:

	Number	Price
Balance, January 1 & December 31, 2010	-	-
Issued in the year	1,053,547	$0.30
Balance, December 31, 2011	**1,053,547**	**$0.30**

The following table summarizes information about warrants outstanding at **December 31, 2011:**

Warrants outstanding	Exercise price	Expiry date
1,053,547	**$0.30**	**Dec 15, 2013**

8. Per Share Amounts

The calculation of per share amounts have been calculated based on the weighted average number of shares outstanding from incorporation on March 15, 2011 through the period ended December 31, 2011 of 12,307,535 shares.

The net effect of applying the treasury-stock method to the weighted average number of shares outstanding had an anti-dilutive effect for the period ended December 31, 2011.

9. Related Party Transactions

The Company was involved in the following related party transactions during the year:

(a) The Company is related to Eagle Plains Resources Ltd ("EPL") and its subsidiary, Terralogic Exploration Inc. ("TL"), through common directors. During the period the Company had the following transactions with the related companies:

	2011
Administration and operating services provided by EPL	**$ 122,932**
Exploration services provided by Terralogic	**$ 311,190**

At December 31, 2011, $11,198 is included in accounts payable.

(b) During the year, the Company was involved in a Plan of Arrangement (Note 1), with Copper Canyon.

Compensation to key management:

(a) Included in administration costs is $32,000 paid for accounting services and related expenses to Glen J. Diduck, a director and officer of the Company. At December 31, 2011, $4,820 is included in accounts payable and accrued liabilities.

(b) Included in professional fees is $9,481 paid for legal fees to a law firm of which one of the directors, Darren Fach, is a partner.

(c) Included in administration costs is $93,817 paid for consulting fees to Toklat Resources Ltd, a company owned by Tim Termuende, a director and officer of the Company. At December 31, 2011, $2,400 is included in accounts payable and accrued liabilities.

(d) Included in administration costs is $21,875 paid for directors fees.

(e) Share-based compensation of $271,593.

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

10. Commitments and Contingencies

The Company is committed to incur exploration expenditures of $379,277 in 2012 to meet the renouncement requirements from the issuance of flow-through shares in December 2011, of which $379,277 must be expended in British Columbia.

The Company has a $5,000 term deposit with a Canadian financial institution held as a reclamation bond.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement.

The Company has purchased various insurance policies to reduce the risks association with such indemnification.

11. Financial Instruments

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

December 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 2,872,345	$ -	$ -	$ 2,872,345
Investments	$ 103,125	$ -	$ 7,625	$ 110,750

December 31, 2010	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Investments	$ 821,000	$ -	$ 32,600	$ 853,600

January 1, 2010	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Investments	$ 359,501	$ -	$ -	$ 359,501

As disclosed in Note 4 (b), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk and price risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a) Concentration risk
At December 31, 2011, substantially all of the Company's cash was held at two recognized Canadian National financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies involved in gold exploration.

b) Credit risk
The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with accounts receivable is the carrying value.

11. Financial Instruments - continued

c) Currency risk
Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2011, the Company has no cash in US$.

d) Price risk
The Company's investments designated as available-for-sale are traded on the TSX Venture Exchange. A 1% change in the cumulative quoted share price would change the fair value of the investments by approximately $1,050. The change would be recorded in Accumulated Other Comprehensive Income (Loss).

12. Statement of Cash Flow

Non-cash financing and investing activities:

Pursuant to certain mineral property option agreements, the Company received 200,000 (2010 – 112,500) common shares with an attributed value of $29,000 (2010 - $33,750). Included in accounts payable is $1,888 (2010 - $3,181) of expenditures for mineral exploration properties.

Pursuant to the Plan of Arrangement, the Company received $2,500,000 cash funding from CPY.

At December 31, 2011, the Company held cashable term deposits bearing interest rates of 1.10% to 1.20% (with maturity terms of January 11, 2012 to March 9, 2012). All of these investments are cashable before maturity and have been treated as cash equivalents.

13. Capital Management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, contributed surplus, accumulated other comprehensive loss and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 December 31, 2011. The Company is not subject to externally imposed capital requirements.

14. Accumulated Other Comprehensive Income (Loss)

No future income tax asset has been recorded as a result of the accumulated other comprehensive loss. The balance of accumulated other comprehensive income is entirely comprised of unrealized losses on available for sale investments.

15. Subsequent Events

a) On January 25, 2012, the Company received 125,000 shares of Northern Freegold Resources Ltd. as the first tranche of shares per the option agreement on the Severance property as disclosed in Note 6.

b) On March 21, 2012 Omineca entered into a formal agreement (subject to regulatory approval) to acquire all issued and outstanding shares of Gravitas Metals Corp., a private British Columbia Corporation. The primary asset held by Gravitas is the option to earn an 80% interest in the Sully group of claims, located near Fort Steele in southeastern British Columbia.

   Terms of the agreement require Omineca to complete either a 1,500m drilling program or make $400,000 in exploration expenditures by June 30, 2012, issue to Gravitas 10,000,000 common shares prior to March 21, 2013 and assume the underlying option agreement on the Sully Property.

   In order for Gravitas to earn its 80% interest in the Sully Property, Gravitas must incur a total of $3,000,000 in exploration expenditures and issue $1,410,000 in cash or shares to the underlying property vendors by 2014. An 80/20 joint venture will be formed at the time of exercise of the option. A 2% NSR will be held in favor of the underlying vendors, half of which may be purchased for $5,000,000.

16. Income Taxes

As of December 31, 2011, the effective tax rate of income tax varies from the statutory rate as follows:

	2011	2010
Statutory tax rates	26.50%	28.50%
Expected income tax expense at statutory rates	$ (280,718)	$ (155,919)
Permanent differences	228,926	-
Effect of tax rate change	2,932	-
Tax benefits not recognized	48,860	155,919
	$ -	$ -

The components of the Company's deferred income tax assets are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of temporary differences	2011
Unused tax losses carried forward	$ 49,144
Share issue costs	1,133
Investments	12,385
	62,662
Unrecognized deferred tax assets	(62,662)
Deferred tax assets	$ -

16. Income Taxes - continued

The carrying value of the mineral properties exceeds its tax value by $179,672. No deferred tax liability was recorded on initial recognition of the asset because the transaction affected neither accounting or tax profit or loss.

As of December 31, 2011, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	2011
Non-capital losses carried forward	196,574
Cumulative Canadian exploration and development expenses	291,823
	$ 488,397