Abitex Resources Inc.

(Exploration company)

Financial Statements

Years ended August 31, 2011 and 2010

Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
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To the Shareholders of
Abitex Resources Inc.

We have audited the accompanying financial statements of the company Abitex Resources Inc., which comprise the balance sheets as at August 31, 2011 and 2010 and the statements of Earnings and comprehensive loss, Deficit, Contributed surplus and Cash Flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained during 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 Abitex Resources Inc. as at August 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[1]

Raymond Chabot Grant Thornton LLP

December 12, 2011
Val-d'Or (Québec)

[1] Comptable agréé auditeur permis N° 15970

Abitex Resources Inc.
(Exploration company)
Balance sheets

	August 31 2011	August 31 2010
Assets	**$**	$
Current assets		
Cash and cash equivalents (Note 3)	**1 282 329**	770 282
Cash reserved for exploration (Note 3)	**48 349**	700 252
Listed shares held-for-trading	**568 620**	69 000
Accounts receivable (Note 4)	**152 784**	748 211
Prepaid expenses	**70 721**	103 676
	2 122 803	2 391 421
Fixed assets (Note 5)	**308 674**	513 949
Intangible asset (Note 5)	**160 417**	185 417
Mining properties (Note 6)	**2 318 799**	2 517 190
Deferred exploration costs (Note 7)	**9 956 650**	10 073 895
	14 867 343	15 681 872
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**271 443**	412 624
Current portion of long term debt	**7 136**	-
	278 579	412 624
Long term liabilities		
Long term debt (Note 8)	**41 277**	-
	319 856	412 624
Shareholders' equity		
Capital stock (Note 9)	**32 820 765**	32 371 247
Contributed surplus (Note 10)	**5 213 482**	4 847 861
Deficit	**(23 486 760)**	(21 949 860)
	14 547 487	15 269 248
	14 867 343	15 681 872

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

Approved on behalf of the Board of Directors

(signed) Yves Rougerie, Director

(signed) Robert C. Bryce, Director

Abitex Resources Inc.

(Exploration company)

Statement of deferred exploration costs

	August 31 2011	August 31 2010
	$	$
Balance, beginning of year	**10 073 895**	8 764 429
Additions		
Drilling	**329 046**	278 886
Prospection	**-**	18 189
Geophysics, scoping study and analysis	**171 889**	265 074
Geology	**356 837**	1 250 682
Transport	**3 990**	36 038
Camp	**16 160**	91 348
Environment	**11 433**	14 409
Fuel and mobile equipment	**5 779**	167 404
General expenses	**135 882**	149 812
Stock-base compensation	**17 702**	15 963
Amortization of fixed assets	**240 715**	235 994
Amortization of intangible asset	**25 000**	25 000
	1 314 433	2 548 799
Write-off of deferred exploration costs	**(290 125)**	(1 054 967)
Sales of interests	**(1 141 553)**	(55 142)
Exploration tax credits	**-**	(129 224)
Net expenses for the year	**(117 245)**	1 309 466
Balance, end of year	**9 956 650**	10 073 895

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

Abitex Resources Inc.
(Exploration company)

Statement of Earnings and Comprehensive Loss

	August 31 2011	August 31 2010
	$	$
Administrative expenses		
Salaries	**176 319**	180 597
Stock-based compensation employees	**259 267**	162 218
Stock-based compensation consultants	**27 487**	42 403
Insurance, taxes and permits	**39 297**	41 730
Consulting fees	**436 998**	602 718
Professional fees	**88 781**	79 289
Rent and vehicles rental	**31 485**	38 963
Business development	**32 249**	39 188
Advertising and sponsorship	**26 038**	44 452
Stationery and office expenses	**43 895**	44 784
Travel, board and lodging	**49 756**	51 735
Registration fees	**22 369**	27 904
Bank charges and income taxes penalties	**2 351**	7 864
Interest on long term debt	**2 120**	-
Net investment income		
Change in fair value of financial instruments	**(157 200)**	65 092
Amortization of fixed assets	**40 176**	33 390
Gain on disposal of fixed assets	**-**	(886)
Income tax Part XII.6	**3 072**	779
	1 124 460	1 462 220
Other expenses (revenues)		
Write-off of mining properties	**68 072**	2 918 010
Write-off of deferred exploration costs	**290 125**	1 054 967
Exploration costs other properties	**55 884**	851
Gain on disposal of mining properties	**(54 313)**	-
Other revenues	**(11 391)**	-
Loss before income taxes	**(1 472 837)**	(5 436 048)
Future income taxes (Note 12)	**(592 073)**	(575 989)
Net loss and comprehensive loss for the year	**(880 764)**	(4 860 059)
Basic and diluted loss per share	**(0,01)**	(0,06)
Basic and diluted weighted average number of shares outstanding	**94 163 961**	80 575 329

The other financial liabilities are evaluated at amortization cost calculated using the effective interest rate. The inte

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

Abitex Resources Inc.
(Exploration company)
Deficit

	August 31 2011	August 31 2010
	$	$
Balance, beginning of year	**(21 949 860)**	(16 037 205)
Net loss	**(880 764)**	(4 860 059)
Share issue costs		
Future income taxes related to flow-through shares	**(592 073)**	(575 989)
Other expenses	**(64 063)**	(476 607)
	(656 136)	(1 052 596)
Balance, end of year	**(23 486 760)**	(21 949 860)

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

Abitex Resources Inc.
(Exploration company)
Statements of Cash Flows

	August 31 2011	August 31 2010
	$	$
OPERATING ACTIVITIES		
Net loss	**(880 764)**	(4 860 059)
Non-cash items		
Amortization of fixed assets	**40 176**	33 390
Stock-based compensation	**286 754**	204 621
Changes in value of listed shares held-for-trading	**(149 405)**	69 800
Future income taxes	**(592 073)**	(575 989)
Write-off of mining properties	**68 072**	2 918 010
Write-off of deferred exploration costs	**290 125**	1 054 967
Gain on disposal of mining property	**(13 813)**	-
Gain on disposal of a write-off mining property	**(40 500)**	-
Gain on disposal of fixed assets	**-**	(886)
	(991 428)	(1 156 146)
Changes in non-cash working capital items		
Accounts receivable	**113 228**	71 809
Prepaid expenses	**32 955**	18 198
Accounts payable and accrued liabilities	**62 309**	80 758
	208 492	170 765
Cash flows from operating activities	**(782 936)**	(985 381)
FINANCING ACTIVITIES		
Share and warrant issuance	**500 000**	4 240 481
Share issue costs	**(43 503)**	(346 206)
Increase of long term debt	**52 930**	-
Reimbursement of long term debt	**(4 517)**	-
Cash flows from financing activities	**504 910**	3 894 275
INVESTING ACTIVITIES		
Acquisition of fixed assets	**(55 617)**	(40 159)
Disposal of fixed assets	**-**	886
Acquisition of mining properties	**(3 423)**	-
Disposal of mining properties and deferred exploration costs	**789 108**	30 000
Cash reserved for exploration	**651 903**	(241 499)
Disposition of listed shares held-for-trading	**190 285**	-
Exploration tax credit received	**482 199**	213 765
Deferred exploration costs	**(1 264 382)**	(3 085 782)
Cash flows from investing activities	**790 073**	(3 122 789)
Increase (decrease) in cash and cash equivalents	**512 047**	(213 895)
Cash and cash equivalents, beginning of year	**770 282**	984 177
Cash and cash equivalents, end of year	**1 282 329**	770 282

Supplemental cash flow information (Note 11)

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

1. Incorporation and nature of activities

Abitex Resources Inc. "the Company", incorporated under the Canada Business Corporations Act, is an exploration Company with exploration activities in Canada.

The exploration and development of mineral deposits involve significant financial risks. The success of the Company will be influenced by a number of factors including financing, exploration and extraction risks and environmental regulations.

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. Significant accounting policies

Financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles (Canadian "GAAP"). The significant accounting policies of the Company are the following:

Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of related revenue and expenses. Significant areas requiring the use of management estimates relate to the useful life of assets for amortization and depletion purposes and for the evaluation of their net recoverable amount, the evaluation of the fair value of stock-based compensation, stock options and warrants. Accordingly, actual results could differ from these estimates.

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

Financial assets and liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions. Subsequently, financial assets and liabilities are measured and recognized as follows. Transaction costs related to financial assets and liabilities are presented in the statement of earnings under administrative expenses.

Held-for-trading financial assets

Held-for-trading financial assets are measured at their fair value and changes in fair value are recognized in the statement of earnings. Changes in fair value that are recognized in the statement of earnings include Interest income and realize and unrealized gains and losses, and are presented under Net investment income.

Cash and cash equivalents, cash reserved for exploration and shares held-for-trading are classified as assets held-for-trading.

Loans and receivables

Loans and receivables are evaluated at amortization cost which usually correspond to the initial amount less all provisions for bad debts.

The receivables other than sales taxes and exploration tax credits are classified as loans and receivables.

2. Significant accounting policies (continued)

Financial assets and liabilities (continued)

Other financial liabilities

The other financial liabilities are evaluated at amortization cost calculated using the effective interest rate. The interest calculated using the effective interest rate is presented in the statement of earnings under Bank charges.

The accounts payable and accrued liabilities and the long term debt are classified under other financial liabilities.

Cash and cash equivalents

The Company's policy is to present the cash, and short term investments which have a duration equal to, or less than three months at date of acquisition, in the cash and cash equivalents.

Cash reserved for exploration

Cash reserved for exploration is exclusively constituted of cash from flow-through financing not invested yet. Under restriction from the flow-through financing, the Company must use the cash reserved for exploration exclusively for exploration

Fixed assets and intangible asset

The fixed assets and intangible asset are accounted at cost and are amortized using the straight-line method over the following period :

Camps	3 years
Leasehold improvements	5 years
Equipment	5 years
Mobile equipment	5 years
Uranium exploration data base (intangible)	10 years

Mining assets

Exploration expenses are capitalized on the basis of specific mining property blocks or areas of geological interest until the mining assets to which they relate are placed into production, sold or allowed to lapse. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized on the unit of production method following commencement of production or written off if mining assets or projects are sold or allowed to lapse.

Mineral properties and exploration expenses are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. If management has not enough information to estimate future cash flows to evaluate recoverability of capitalized amounts, the management will evaluate it by comparing the fair value and the carrying value, without doing a recoverability test. The management will also consider whether results from exploration works justify further investments, the confirmation of the interest of the Company in the mining claims, the ability of the Company to obtain the necessary financing to complete the future development or if the disposal of the properties for proceeds in excess of their carrying value.

2. Significant accounting policies (continued)

Credit on duties refundable for loss and refundable tax credit for resources

The Company is entitled to a credit on duties refundable for loss under the Mining duties Act. This credit on duties refundable for loss on qualified exploration cost incurred in the province of Quebec at a rate of 14,67 % has been applied against the cost incurred.

Furthermore, the Company is entitled to a refundable tax credit (for resources for mining companies) on qualified exploration expenditures incurred on Quebec exploration properties. The refundable tax credit for resources may reach 35 % or 38.75 % of qualified exploration expenditure incurred. This tax credit has been applied against the cost incurred.

These credits are recorded provided that the Company is reasonably certain that they will be received.

Stock-based compensation

The Company applies the fair value based method for stock options granted to employees, officers, director and non-employees. The fair value of stock option is determined using the Black & Scholes Model, and stock-based compensation costs are recognized and the counterpart is credited to the contributed surplus. The expense is recognized over the vesting period for the employees and over contract services period for the consultants. Any consideration received by the Company on the exercise of stock options and the carrying value allocated to such options are recorded under capital stock upon the issuance of shares.

Share issue costs

Shares issue expenses are accounted in the deficit during the year they are incurred.

Basic or diluted net loss per share

Basic net loss per share has been calculated over the weighted average number of common shares outstanding during the year. The diluted net loss per share, which is calculated using the treasury method, is equal to the basic loss per share due to the antidilution effect of stock options and warrants described in note 9..

Capital stock

Capital stock issued for non-monetary consideration is recorded at the fair market value the date the shares are issued or the date the agreement to issue the shares was entered into.

Fair value of warrants on financing

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value using the Black-Scholes pricing to determine the fair value of warrants issued.

Fair value of broker warrants

The Company uses the fair value method based on the Black-Scholes pricing model to record the fair value of brokers warrants, and, recognizes a debit in Share issue costs and a corresponding credit in Contributed surplus. When the warrants are exercised, the proceeds of the issuance and the fair value of the warrants are credited to capital stock.

Future mining and income taxes

The Company accounts for mining and income taxes under the assets and liability method. Under this method, future assets and liabilities are recognized for the tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using current tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The impact on future tax assets and liabilities of a change in tax rates is recognized in the statement of earnings in the year in which the revised tax rate comes into effect.

2. Significant accounting policies (continued)

Fair value of warrants on financing (continued)

The Company renounces to tax deductions relating to resources expenditures that are financed by the issuance of flow-through shares to the benefit of its shareholders, in accordance with current tax legislation. Future income taxes related to the temporary differences created by this renouncement are recorded, at the time that the Company renounces to its right to these deductions and the offset is recorded as a reduction of capital stock.

The Company establishes a valuation allowance for its future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

Impairment of long-lived assets

Fixed assets and intangible asset subject to amortization should be tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flow expected to result from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

3. Cash and cash equivalents and cash reserved for exploration

As at August 31, 2011, cash and cash equivalents and cash reserved for exploration are exclusively constituted of cash and a bond bearing interest at a rate of 4.35% maturing October 6, 2011. The Company must use the cash reserved for exploration before December 31, 2011. (As at August 31, 2010, cash and cash equivalents and cash reserved for exploration comprise cash and bonds bearing interest at a rate fluctuating from 3.74% to 3.887%.

	August 31 2011	August 31 2010
	$	**$**
Cash	**820 763**	164 392
Bonds	**509 915**	1 306 142
Less : cash reserved for exploration	**(48 349)**	(700 252)
Cash and cash equivalents	**1 282 329**	770 282

4. Accounts receivable

	August 31 2011	August 31 2010
	$	**$**
Sales taxes	**24 010**	164 366
Exploration taxes credits	**47 259**	529 458
Contract holdbacks	**50 167**	53 000
Others	**31 348**	1 387
	152 784	748 211

5. Fixed assets and intangible asset

Fixed assets

	August 31, 2011			August 31, 2010		
	Cost	**Accumulated amortization**	**Net value**	Cost	Accumulated amortization	Net value
	$	**$**	**$**	$	$	$
Camps	**642 915**	**634 271**	**8 644**	642 915	419 966	222 949
Leasehold Improvements	**203 726**	**55 090**	**148 636**	203 726	34 718	169 008
Equipment	**137 329**	**82 450**	**54 879**	117 330	63 130	54 200
Mobile equipment	**153 008**	**56 493**	**96 515**	97 392	29 600	67 792
	1 136 978	**828 304**	**308 674**	1 061 363	547 414	513 949

Intangible asset

	August 31, 2011			August 31, 2010		
	Cost	**Accumulated amortization**	**Net value**	Cost	Accumulated amortization	Net value
	$	**$**	**$**	$	$	$
Uranium exploration data base	**250 000**	**89 583**	**160 417**	250 000	64 583	185 417

6. Mining properties

Property	**Balance as at August 31 2010**	**Addition**	**Disposal**	**Write-off**	**Balance as at August 31 2011**
	$	**$**	**$**	**$**	$
Lavoie (Qc)	**2 203 276**	**-**	**-**	**-**	**2 203 276**
St-Stephen (NB)	**5 361**	**-**	**(5 361)**	**-**	**-**
Jolin (Qc)	**145 810**	**-**	**(128 381)**	**-**	**17 429**
Epsilon (Qc)	**94 671**	**-**	**-**	**-**	**94 671**
Others (Qc)	**-**	**3 423**	**-**	**-**	**3 423**
Jérémie (Qc)	**68 072**	**-**	**-**	**(68 072)**	**-**
	2 517 190	**3 423**	**(133 742)**	**(68 072)**	**2 318 799**

6. Mining properties (continued)

Property	Balance as at August 31 2009	Addition	Disposal	Write-off	Balance as at August 31 2010
	$	$	$	$	$
Lavoie (Qc)	2 203 276	-	-	-	2 203 276
St-Stephen (NB)	9 019	-	(3 658)	-	5 361
Jolin (Qc)	145 810	-	-	-	145 810
Epsilon (Qc)	94 671	-	-	-	94 671
Jérémie (Qc)	68 072	-	-	-	68 072
Kangiq (Qc)	2 918 010	-	-	(2 918 010)	-
	5 438 858	-	(3 658)	(2 918 010)	2 517 190

Lavoie

On September 8, 2008, the Company signed the option and joint venture agreement with AREVA Resources Canada ("AREVA") and SOQUEM. This agreement defined the terms by which the Company may acquire a 50% interest in the Lavoie uranium property from AREVA and SOQUEM. The Lavoie property, located in the Otish Mountains region of Quebec, hosts the Lavoie uranium deposit discovered and delineated by AREVA 25 years ago.

In order to acquire a 50% interest in the Lavoie property, the Company issued 2,800,000 common shares to AREVA and SOQUEM, for a total of 5,600,000 common shares, following signing of the agreement and regulatory approval by the authorities as well as complete minimum exploration expenditures of $20,000,000 and submit to the partners a pre-feasibility study according to the standards of the industry by December 31, 2011. If Abitex acquires a 50% interest, AREVA and SOQUEM will each retain a 25 % interest in the Lavoie property. Thereafter, all three parties will participate on a pro-rata basis of their respective interest to future expenditures on the property as per a joint venture agreement wherein Abitex will be the operator. In the event a mine is put into production on the property, Abitex has agreed to sell its entire uranium production to AREVA who has agreed in return to acquire this production.

The Company also grants AREVA and SOQUEM the right to participate in future equity financings by the Company in order to retain a 5% interest in the share capital of the Company.

As per the joint venture contract, all exploration expenses before tax credits less the stock-based compensation costs and amortization are eligible costs. In addition, the fixed assets expenses and management fees of 10 % on salaries and 5 % on other expenses are also eligible. As at August 31, 2011, the Company had incurred $7,817,509 of eligible expenses related to the agreement.

St-Stephen

The St-Stephen property comprises 129 claims and is located near the border town of St- Stephen in the southwest corner of New Brunswick. The Company staked the property in 2003 and 2004 and there are thus no underlying royalties. On April 3, 2008, the Company signed an option agreement with Continental Nickel Limited (“Continental”) whereby Continental can acquire up to a 75% interest in the Company's 100% owned St-Stephen property. Continental can earn an initial 50% interest in the St-Stephen property over a four year period in return of cash payments of $120,000 and the issuance of 230,000 common shares. Also, Continental has to complete minimum exploration expenditures of $1,000,000, as described below:

- At the signing : issuance of 40,000 common shares of Continental to the Company (fair value of $99,200) and a $30,000 cash payment (condition fulfilled and the proceeds have been accounted in reduction of the mining property and deferred exploration costs);

6. Mining properties (continued)

St-Stephen (continued)

- 1st anniversary : issuance of 40,000 common shares of Continental, payment of $30,000 in cash and $150,000 in exploration expenditures. As of March 24, 2009 the parties amended the agreement to replace the cash payment of $30,000 by the issuance of 30,000 common shares thereafter a total of 70,000 shares were issued to the Company (conditions fulfilled and the proceeds have been accounted in reduction of the mining property and deferred exploration

- 2nd and 3rd anniversaries : issuance of 40,000 common shares of Continental, payment of $30,000 in cash and $250,000 in exploration expenditures (conditions fulfilled and the proceeds have been accounted in reduction of the mining property and deferred exploration costs);

- 4th anniversary : issuance of 40,000 common shares of Continental, payment of $30,000 in cash and $350,000 in exploration expenditures;

Thereafter, Continental can elect to raise its interest to 75 % or to form a joint venture once it has vested to at least 50%. At that time, both parties must pro rata fund their respective share of ongoing expenditures or dilute. Should either party dilute to less than 15% interest it will revert to a 3% Net smelter return ("NSR") royalty of which 2% can be purchased for $2,000,000 at any time by the other party.

Jolin

The Company holds 100 % of the Jolin gold property located in the Abitibi region of Quebec, 60 km northeast by road from Val-d'Or and 20 km west of Senneterre. The property comprises 57 claims and is subject to a 3% NSR to the benefit of the seller.

On August 22, 2011, the Company signed an option agreement with Pershimco Resources Inc. ("Pershimco") whereby Pershimco can acquire a 100% interest in the property. In order to acquire that interest of 100% over a two year period, Pershimco has agreed to pay $750,000 in cash and issue 2,000,000 common shares of Pershimco, as described below:

- At the signing : issuance of 500,000 common shares of Pershimco (fair value of $440,000) and a $750,000 cash payment (conditions fulfilled and the proceeds have been accounted in reduction of the mining property and deferred exploration

- 6 months : issuance of 500,000 common shares of Pershimco;

- 12 months : issuance of 400,000 common shares of Pershimco;

- 18 months : issuance of 300,000 common shares of Pershimco;

- 24 months : issuance of 300,000 common shares of Pershimco;

Furthermore, a $10 per once royalty on any future gold production from the property will be paid to the Company. Pershimco will have the option to acquire the royalty at any time between the filling of a feasibility study and the start of commercial production for $5 per once of reserves (proven and probable) and measured resources and for $2.50 per once of indicated resources.

Epsilon

On August 15, 2008, the Company signed an option agreement to acquire a 100% interest in the Epsilon uranium property located in the Otish Mountains region of Quebec. The property comprises 102 claims covering 5,352 hectares and is located 10 km west of the Lavoie property for which the company has signed an option and joint venture agreement with AREVA and SOQUEM.

The Company has completed the option and now holds a 100% interest in the Epsilon property. In order to acquire the 100% interest in the Epsilon property, Abitex has paid $25,000 and issued 200,000 common shares to the vendor. The vendor retains a 2% NSR on all mineral production from the property. Abitex can buy back up to 50% of the NSR interest for $1,000,000.

6. Mining properties (continued)

Lac Barry

On September 15, 2010, the Company signed an option agreement with Bonterra Resources Inc. ("Bonterra") whereby Bonterra can acquire up to a 100% interest of the property. Bonterra can earn an initial 50% interest in the property over a four year period in return of cash payment of $10,000 and the issuance of 1,250,000 common share. Also, Bonterra has to complete minimum exploration expenditures of $750,000 as described below:

- At the signing : issuance of 250,000 common shares of Bonterra (fair value of $30,500) and a $10,000 cash payment (conditions fulfilled and the proceeds have been accounted as a gain on disposal mining property);
- 1st and 2nd anniversaries : issuance of 250,000 common shares of Bonterra and $100,000 in exploration expenditures;
- 3rd anniversary : issuance of 250,000 common shares of Bonterra and $200,000 in exploration expenditures;
- 4th anniversary : issuance of 250,000 common shares of Bonterra and $350,000 in exploration expenditures;

Thereafter, Bonterra can elect to raise its interest to 100% by a $100,000 cash payment and issuance of 100,000 common shares of Bonterra.

During the financial years 2005 and 2006, the cost of the property of $245,837 and the deferred exploration costs of $826,778 were written off.

Jérémie

Minimal work was done on this property over the last two years and no work is budgeted in years to come. Consequently, as of August 31, 2011, the Company wrote off Jeremie property including all deferred exploration costs incurred. The property acquisition costs for a total of $68,072 and deferred exploration costs of $290,125 related to this property were accounted in expenses during the current year.

Other information

As at August 31, 2010, the Company wrote off Kangiq property including all exploration costs incurred on this property. The properties acquisition costs for a total of $2,918,010 and deferred exploration costs of $1,054,967 related to this property were accounted as expenses during this year.

7. Deferred exploration costs

	Balance as at August 31 2010	Addition	Tax Credits	Disposal	Write-off	Balance as at August 31 2011
	$	$	$	$	$	$
Lavoie (Qc)	6 510 164	604 750	-	-	-	7 114 914
St-Stephen (NB)	80 826	-	-	(80 826)	-	-
Jolin (Qc)	1 146 712	49 811	-	(1 060 727)	-	135 796
Epsilon (Qc)	2 048 290	657 650	-	-	-	2 705 940
Jérémie (Qc)	287 903	2 222	-	-	(290 125)	-
	10 073 895	1 314 433	-	(1 141 553)	(290 125)	9 956 650

7. Deferred exploration costs (continued)

	Balance as at August 31 2009	Addition	Tax Credits	Disposal	Write-off	Balance as at August 31 2010
	$	$	$	$	$	$
Lavoie (Qc)	5 508 790	1 057 965	(56 591)	-	-	6 510 164
St-Stephen (NB)	135 968	-	-	(55 142)	-	80 826
Jolin (Qc)	1 150 074	3 463	(6 825)	-	-	1 146 712
Epsilon (Qc)	632 530	1 481 568	(65 808)	-	-	2 048 290
Jérémie (Qc)	287 043	860	-	-	-	287 903
Kangiq (Qc)	1 050 024	4 943	-	-	(1 054 967)	-
	8 764 429	2 548 799	(129 224)	(55 142)	(1 054 967)	10 073 895

8. Long term debt

	August 31 2011	August 31 2010
	$	$

The Company contracted a long term debt in the amount of $52,930 secured by mobile equipment with a net value of $48,200 as at August 31, 2011 and bearing interest at an annual rate of 6.24%. The monthly payments are $830 and mature in June 2017.

Balance as at August 31, 2011	**48 413**	**-**
Instalments due within one year	**7 136**	**-**
	41 277	**-**

For the next five years, the long term debt payments are as follows:

	$
2012	**7 136**
2013	**7 595**
2014	**8 082**
2015	**8 601**
2016	**9 154**

9. Capital stock

Authorized
Unlimited number of common shares without par value
Unlimited number of preferred shares class ¨A¨ and class ¨B¨

Changes in the Company's common shares are as follows:

	2011		2010	
Capital stock issued	**Number**	**Amount**	Number	Amount
		$		$
Balance, beginning of year	**92 389 988**	**32 371 247**	67 008 982	28 883 371
Shares issued				
Cash-Private placement	**694 444**	**107 400**	12 542 983	1 465 943
Cash-Private placement flow-through shares	**1 875 000**	**342 118**	12 147 080	1 910 683
Debt settlement	**-**	**-**	477 707	75 000
Share issue costs	**-**	**-**	213 236	36 250
	2 569 444	**449 518**	25 381 006	3 487 876
Balance, end of year	**94 959 432**	**32 820 765**	92 389 988	32 371 247

9. Capital stock (continued)

On December 23, 2010 the Company issued a total of 1,875,000 flow-through units (the "FT Units") at a price of $0.20 per FT Unit for aggregate gross proceeds of $375,000 and a total of 694,444 non flow-through units(the "Units") at a price of $0.18 per unit for aggregate gross proceeds of $125,000. Each FT Unit consists of one flow-through common share and one half of a common share purchase warrant (each whole warrant a "Warrant"). Each non flow-through unit consists of one common share and one warrant. Each warrant entitles its holder to subscribe to one common share of the Corporation for $0.25 within 18 months following the date of issuance of the warrant. The fair value of the warrants granted is $50,482. The Company also granted to one broker a total of 294,097 broker warrants. The fair value of $10,683 attributed to the broker warrants issued was accounted in the deficit as share issue costs.

On October 19, 2009, the Company had completed the first tranche of a non-brokered private placement for a total of $662,950. The Company issued a total of 4,419,667 units of the Corporation (the "units") at a price of $0.15 per Unit for aggregate gross proceeds of $662,950. Each Unit consists of one common share and one common share purchase warrant.

On October 26, 2009, the Company had completed the second tranche of a non-brokered private placement for $257,200 bringing the total amount for both tranches to $920,150. The Company issued a total of 1,714,667 units of the Corporation (the "Units") at a price of $0.15 per Unit for aggregate gross proceeds of $257,200. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant entitles its holder to subscribe to one common share of the Corporation for $0.25 within 24 months following the date of issuance of the warrant. The fair value of the warrants issued was $90,189.

On November 2, 2009, the Company had completed a non-brokered private placement for a total amount of $535,000. The private placement consists of 535 Units at a price of $1,000 per Unit. Each Unit consists of 5,200 flow-through common shares, 1,300 non flow-through common shares and 3,900 non flow-through common share purchase warrants of the Corporation for a total of 2,782,000 flow-through common shares, 695,500 common shares and 2,086,500 common share purchase warrants. Each warrant entitles its holder to subscribe to one flow-through common share of the Corporation for $0.25 within 24 months following the date of issuance of the warrant. The fair value of the warrants issued were $128,883. The Company also granted to one broker a total of 325,000 broker warrants. The fair value of the broker warrants issued was $28,786 and was accounted in the deficit as issue cost.

On February 22, 2010, following the regulatory approval, including the one of the TSX Venture Exchange, the Company issued 477 707 common shares in payment of an aggregate amount of $75,000 of debt, representing the termination cost of a consulting agreement.

On April 30, 2010, the Company completed a non-brokered private placement for a total of $2,844,281. The Company issued a total of 9,365,080 flow-through units of the Corporation (the "FT Units") at a price of $0.20 per FT Unit for aggregate gross proceeds of $1,873,016 and a total of 5,713,149 non flow-through units of the Corporation (the Units") at a price of $0.17 per Unit for aggregate gross proceeds of $971,265. Each FT Unit consists of one common share and one half of a common share purchase warrant. Each whole warrant entitles its holder to subscribe to one common share of the Corporation for $0.25 within 18 months following the date of issuance of the warrant. Each non flow-through Unit consists of one common share and one half of a common share purchase warrant. Each whole warrant entitles its holder to subscribe to one common share of the Corporation for $0.25 within 24 months following the date of issuance of the warrant. The fair value of the warrants issued was $502,640.

Stock options

Stock options plan

The Company maintains a stock option plan (the «plan») whereby the Board of Directors may from time to time grant to employees, officers, directors and consultants, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors.

On February 28, 2011, the new stock option plan (the « 2009 Option plan ») was approved by the shareholders. The 2009 Option plan provides, in accordance with Policy 4.4 of the TSX Venture Exchange, a maximum number of options available for grant equal to 10% of the issued and outstanding common shares of the Corporation at the time of grant. The maximum number of shares which may be reserved for issuance of options to any optionnee may not exceed 5% of the common shares outstanding at the time of grant. The options are exercisable over a five year period after the grant date.

9. Capital stock (continued)

Stock options (continued)

The options granted are vested over a period of 18 months, 12.5% are vested the date they are granted and thereafter 12.5% every quarter. The last 25 % of the options granted are vested on the 6th quarter or the 18th month following the grant date.

During the year, a total of 2,150,000 options were granted of which 2,050,000 at employees and 100,000 at consultants compared to 2,205,000 options in 2010. An amount of $286,754 was accounted in the statements of earnings as stock-based compensation and $17,702 in the deferred exploration cost compared to $204,621 and $15,963 respectively in 2010.

The following table summarizes information about stock options outstanding:

	2011		2010	
	Number	**Weighted Average exercise price**	Number	Weighted Average exercise price
		$		**$**
Outstanding, beginning of year	**6 075 000**	**0,27**	4 525 000	0,34
Granted to employees	**2 050 000**	**0,14**	1 495 000	0,15
Granted to consultants	**100 000**	**0,15**	710 000	0,15
Expired	**(585 000)**	**0,15**	(655 000)	0,38
Balance, end of year	**7 640 000**	**0,23**	6 075 000	0,27
Exercisable, end of year	**7 421 250**	**0,24**	4 696 875	0,30

The following table summarized, for the options granted, the weighted average exercise price compared to the weighted average market price and their estimated weighted average fair value on granted date :

	Weithted average fair value	**Weighted average exercise price**	**Weighted average market price**
2,150,000 options granted in 2011 which exercise price equals the market price	**$0.10**	**$0.14**	**$0.14**
2,205,000 options granted in 2010 which exercice price exceeds the market price	$0.09	$0.15	$0.13

The following table summarizes certain information for stock options granted and exercisable as at August 31, 2011 :

	Options outstanding as at August 31, 2011			**Options exercisable August 31, 2011**	
Exercice price	**Number of Options**	**Weighted average life (years)**	**Weighted average exercise price**	**Number of Options**	**Weighted average exercise price**
			$		**$**
0.10 $ to 0.20 $	**4 285 000**	**3,71**	**0,15**	**4 066 250**	**0,15**
0.21 $ to 0.30 $	**1 955 000**	**1,10**	**0,30**	**1 955 000**	**0,30**
0.31 $ to 0.40 $	**1 350 000**	**2,38**	**0,40**	**1 350 000**	**0,40**
0.41 $ to 0.50 $	**50 000**	**1,73**	**0,47**	**50 000**	**0,47**
0.10 $ to 0,50$	**7 640 000**	**2,79**	**0,23**	**7 421 250**	**0,24**

9. Capital stock (continued)

Stock options (continued)

The weighted average fair value of stock options granted was estimated using the Black-Scholes Model at $0.10 per option ($0.09 in 2010) with the following assumptions:

	2011	2010
Risk-free interest rate	1,83%	2,12%
Expected volatility	91%	95%
Dividend yield	0%	0%
Expected life	5 years	5 years

Warrants

The following table summarizes certain information about warrants outstanding :

	August 31, 2011			August 31, 2010		
	Number	**Weighted average price**	**Weighted average remaining life**	Number	Weighted average price	Weighted average remaining life
		$	**(years)**		$	(years)
Balance, beginning of year	**29 116 592**	**0,30**	**0,91**	24 146 844	0,53	0,69
Granted	**1 631 944**	**0,25**	**0,81**	15 759 950	0,25	1,22
Granted to brokers (share issue costs)	**294 097**	**0,22**	**0,81**	1 093 992	0,22	1,52
Expired	**(12 262 650)**	**0,36**	**-**	(11 884 194)	0,72	-
Outstanding, end of year	**18 779 983**	**0,25**	**0,30**	29 116 592	0,30	0,91

The outstanding warrants are as follows:

Expiry date	**Exercise price**	**2011**	2010
	$	**Number**	Number
September 2010	0,50		5 548 000
June 2011	0,25		5 881 149
July 2011	0,25		833 501
September 2011	0,25	**4 682 540**	4 682 540
October 2011	0,25	**6 134 334**	6 134 334
November 2011	0,25	**2 086 500**	2 086 500
November 2011	0,15	**325 000**	325 000
April 2012	0,25	**3 625 568**	3 625 568
June 2012	0,25	**1 746 180**	
June 2012	0,20	**131 250**	
June 2012	0,18	**48 611**	
		18 779 983	29 116 592

The weighted average fair value of warrants granted was estimated on the grant date using the Black-Scholes Model at $0.03 per warrant ($0.07 in 2010) with the following assumptions:

	2011	2010
Risk-free interest rate	1,70%	1,47%
Expected volatility	65%	113%
Dividend yield	0%	0%
Expected life	1,5 year	2 years

10. Contributed surplus

	2011	2010
	$	$
Balance, beginning of year	**4 847 861**	3 610 322
Warrants granted during the year (Note 9)	**50 482**	922 804
Warrants granted to brokers (share issue cost) (Note 9)	**10 683**	94 151
Stock-based compensation	**304 456**	220 584
Balance, end of year	**5 213 482**	4 847 861

11. Supplemental cash flow information

Non-cash transactions :

	2011	2010
	$	**$**
Exploration tax credits	**-**	245 439
Deferred exploration costs included in accounts payable and accrued liabilities	**107 117**	340 484
Acquisition of fixed assets included in accounts payable and accrued liabilities	**20 000**	-
Broker Warrants issued as share issue costs	**10 683**	94 151
Amortization of fixed assets and intangible asset charged to deferred exploration costs	**265 715**	260 994
Listed shares received for the sale of mining properties and deferred exploration costs	**540 500**	28 800
Stock-based compensation included in deferred exploration costs	**17 702**	15 963
Share issue costs included in accounts payable and accrued liabilities	**9 877**	130 401

12. Income taxes

The company's effective income tax rate differs from the combined federal and provincial income tax rate in Canada. The difference results from the following :

	2011	2010
	$	**$**
Loss before income tax	**(1 472 837)**	(5 436 048)
Income tax at combined federal and provincial tax rate in Canada of 28,9% (30.23% in 2010)	**(425 650)**	(1 643 317)
Increase (decrease) in income taxes resulting from:		
Stock based compensation non deductible	**87 988**	66 683
Difference between future income and statutory income tax rates	**26 178**	172 458
Non-capital loss that expired	**-**	33 428
Other elements non deductible	**(20 200)**	55 462
Valuation allowance changes*	**(260 389)**	739 297
Income taxes	**(592 073)**	(575 989)

*****During the year, a future tax asset of $11,702 ($93,129 in 2010) was calculated on share issue costs. As at August 31, 2011, this future tax asset was completely written down.

12. Income taxes (continued)

The tax effect of temporary differences, that gives rise to significant portions of the future income tax assets and liabilities as at August 31, 2011 and 2010, are presented below:

	2011	2010
	$	$
Future income tax assets:		
Listed shares held-for-trading	**-**	11 325
Fixed assets	**299 860**	224 300
Mining properties	**362 236**	664 002
Share issue costs	**130 574**	207 966
Deferred non-capital losses	**1 785 903**	1 446 172
Deferred capital losses	**98 160**	106 336
	2 676 733	2 660 101
Future income tax liabilities		
Listed shares held-for-trading	**594**	-
Intangible asset	**32 364**	37 407
Deferred exploration costs	**1 097 851**	828 083
	1 130 809	865 490
Future income tax assets before valuation allowance	**1 545 924**	1 794 611
Valuation allowance	**(1 545 924)**	(1 794 611)
Net future income tax assets	**-**	-

Federal investment tax credits of $196,447 ($196,447 in 2010) and provincial investment tax credits of $108,305 ($108,305 in 2010) are available to reduce income tax, if necessary. These tax credits expired at differents dates from 2027 onwards.

The company has the following tax losses available to reduce future years' income for tax purposes :

	Federal	Provincial
2014	132 421	129 451
2015	231 610	209 299
2026	236 128	200 707
2027	639 417	618 933
2028	1 100 448	1 094 602
2029	1 612 719	1 593 702
2030	1 472 378	1 468 310
2031	1 235 351	1 232 710
	6 660 472	6 547 714

13. Earnings per share

For the years ended August 31, 2011 and 2010, there was no difference between the basic and diluted loss per share since the dilutive effect of stock options and warrants was not included in the calculation. Consequently, the net loss diluted per share for these years was calculated according to the basic weighted average number of shares outstanding.

14. Capital disclosures

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company's capital is composed of shareholders' equity. The Company's primary uses of capital are to finance exploration expenditures and properties acquisition. To effectively manage the Company's capital requirements, the Company has in place a budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives.

The Company is not subject, in regards of external rules, to any requirements regarding its capital, except if the Company completes a flow-through financing of which the cash must be reserved for exploration. As at August 31, 2011, the Company's cash reserved for exploration was $48,349 ($700,252 in 2010).

The Company expects its current capital resources and its ability to obtain additional financing will support further exploration and development of its mineral properties.

As at August 31, 2011 the shareholders equity was $14,547,487 ($15,269,248 as at August 31, 2010).

15. Commitments

The Company has agreed, under long-term lease agreements, to pay a total amount of $89,412 during the next three years for rental of premises and equipments. Minimum lease payments are as follows:

Years	**Amounts**
	$
2012	43 979
2013	40 954
2014	4 479
	89 412

The Company is committed to spend $48,349 in flow-through expenditures by December 31, 2011.

16. Related party transactions

	2011	2010
	$	$
Consultants fees	**168 000**	173 000

The Company was provided consultation services from directors and with companies controlled by directors. These transactions occurred within the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at August 31, 2011 an amount of $3,220 ($3,224 as at August 31, 2010) was included in the accounts payable and accrued liabilities.

17. Financial instruments

Objective and policy in managing financial risks

As an exploration company, Abitex is exposed to various financial risks resulting from its activities. The directors and officers of the Company manage those risks.

There is no speculative derivative contract related to financial instruments.

17. Financial instruments (continued)

Financial risks

The main financial risks and the policies in risk management of which the Company is exposed are the following:

Interest rate risk

Long-term debt and bonds bear interest at a fixed rate and consequently expose the Company to the fair value risk fluctuation related to interest fluctuation rates. As at August 31, 2011, a 1% variation of the interest rate of these financial instruments would result in an estimated variation of the interests payments on long-term debt of $353 and the interest revenues of $4,674 for a variation of the loss of $4,321.

The Company does not use financial derivatives to reduce its exposure to interest risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has at its disposal sufficient sources of financing such as private placement. The Company establishes cash estimates to ensure it has the necessary funds to fulfill its obligations. Obtaining additional funds makes it possible for the Company to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. All accounts payable have a balance due within 12 months.

Credit risk

The credit risk is the risk that one entity of a financial instrument fails at one of its obligations and by this failure the other party is subject to a financial loss. The Company is subject to a credit risk for the cash and cash equivalents and cash reserved for exploration since most of its financial instruments are hold by one important Canadian financial institution.

Other price risk

The listed shares held by the Company are exclusively shares from venture issuers working in the mineral exploration area. The Company is exposed to market risk in trading its shares and unfavorable market conditions could result in the disposal of its listed shares at less than its value. As at August 31, 2011, the value of these listed shares is $568,620 with an original cost of $564,201. As at August 31, 2011, a 10% variation in the closing price on the stock market would result in an estimated variation of $56,862 of the loss.

Fair value of financial instruments

The Company discloses the fair value hierarchy by which the financial instruments are evaluated and have the following levels. Level 1, valuation based on quoted prices (unadjusted) in active market for identical assets or liabilities. Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 includes inputs for the asset or liability that are not based on observable market data. Cash and cash equivalents (other then bonds), cash reserved for exploration and listed shares held-for-trading are classified under Level 1. The bonds are classified under Level 2.

The fair value of the short term assets and short term liabilities are close to their book value because of their short expiring period. The fair value of listed shares held-for-trading correspond to the closing market value of the shares.

17. Financial instruments (continued)

Fair value of financial instruments (continued)

	2011		2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Financial assets				
Held-for-trading				
Cash and cash equivalents	**1 282 329**	**1 282 329**	770 282	770 282
Cash reserved for exploration	**48 349**	**48 349**	700 252	700 252
Listed shares held-for-trading	**568 620**	**568 620**	69 000	69 000
Loans and receivables				
Others receivables	**31 348**	**31 348**	1 387	1 387
Contract hodbacks	**50 167**	**50 167**	53 000	53 000
Financial liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	**271 443**	**271 443**	412 624	412 624
Long-term debt	**41 277**	**41 277**	-	-

18. Contingencies

On August 24, 2011 a supplier presented to the Court a motion to institute proceedings about a dispute with the Company. Since the Company's directors are in the opinion that this lawsuit is unwarranted, no provision has been recorded in this respect.

The Company is partly financed by issuance of flow-through common shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has taken the necessary measures for this purpose. The refusal of some expenses by the fiscal authorities would have a negative fiscal impact on investors.

19. Subsequent events

On November 21, 2011, the Company concluded an extension of the option period for its Lavoie property. This agreement gives three more years (up to December 31, 2014) to the Company to complete total exploration expenditures of $20,000,000 and submit a pre-feasability study to its partners (AREVA and SOQUEM). Furthermore, the Company is committed to spend a minimum of $4,000,000 before December 31, 2012, otherwise the Company will be in default under this agreement, causing an immediate termination of the option. Other terms of the original agreement are unchanged.

20. Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation.