EVERTON RESOURCES INC.
(An exploration stage Company)

Consolidated Financial Statements

For the three and nine months ended July 31, 2010

Management's Responsibility for Financial Statements

To the Shareholders and Directors of Everton Resources Inc.

The accompanying unaudited interim consolidated financial statements and the notes thereto for the three and nine months ended July 31, 2010 are the responsibility of the management of Everton Resources Inc. These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements where appropriate.

Management has developed and maintained a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the period end unaudited interim consolidated financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the period end unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The auditors of Everton Resources Inc. have not performed a review of the interim consolidated financial statements for the three and nine months ended July 31, 2010.

(signed) André Audet
André Audet, CEO

(signed) Khadija Abounaim
Khadija Abounaim, CFO

September 27, 2010

Everton Resources Inc.
(An exploration stage Company)
Consolidated Balance Sheets
As at

	July 31, 2010	October 31, 2009
	(Unaudited)	(Audited)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 6)	481,677	1,681,786
Marketable securities (Note 7)	5,250	34,821
Accounts receivable	28,975	57,310
Amount due from related party (Note 11)	5,000	50,057
Tax credit and mining duties receivable	26,575	248,668
Prepaid expenses	68,047	119,777
	615,524	2,192,419
Long-term investment (Note 8)	608,169	195,889
Property, plant and equipment (Note 9)	23,056	28,258
Mineral exploration properties (Note 10)	5,902,093	5,171,724
Deferred exploration expenses (Note 10)	13,430,158	10,847,065
	20,579,000	18,435,355
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	142,683	165,497
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	31,079,951	28,419,889
Warrants (Note 12)	843,513	233,861
Contributed surplus (Note 13)	6,984,336	6,438,177
	38,907,800	35,091,927
Accumulated other comprehensive income	153,625	3,886
Deficit	(18,625,108)	(16,825,955)
	(18,471,483)	(16,822,069)
	20,436,317	18,269,858
	20,579,000	18,435,355

Going concern (Note 2)

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

On behalf of the Board,
(signed) "André Audet"
André Audet, Director

On behalf of the Board,
(signed) "Michael Farrant"
Michael Farrant, Director

Everton Resources Inc.
(An exploration stage Company)
Consolidated Operations (unaudited)

	Three months Ended July 31, 2010	Three months Ended July 31, 2009	Nine months Ended July 31, 2010	Nine months Ended July 31, 2009
	$	$	$	$
Operating expenses				
Management and consulting fees	36,539	29,092	118,702	50,629
Salaries and benefits	82,455	81,353	314,825	307,571
Stock-based compensation (Note 13)	245,763	17,816	531,624	172,007
Travel and promotion	62,073	3,420	245,078	56,330
Report to shareholders	9,852	15,609	28,318	18,425
Professional fees	8,914	29,842	94,851	101,251
Insurance	5,697	6,009	19,324	16,963
Rent	10,769	12,384	35,767	40,321
General expenses	16,067	16,014	96,364	78,614
Foreign exchange loss (gain)	5,123	12,872	(4,829)	58,324
Amortization of property, plant and equipment	1,734	2,630	5,202	8,970
Write-down of mineral properties and deferred exploration expenses (Note 10)	-	187,859	256,630	497,239
	484,986	414,900	1,741,856	1,406,644
Other expenses (income)				
Interest and other income (Note 5)	-	(3,276)	(18,398)	(74,036)
Loss on sale of property, plant and equipment	-	-	-	2,615
Gain on sale of mineral properties	(7,256)	-	(7,256)	-
Gain on sale of long term investment	-	-	(10,752)	-
Loss (gain) on sale of marketable securities (Note 7)	13,374	-	(2,769)	-
Impairment of available-for-sale marketable securities	-	-	-	15,625
Share of net (gain) loss of company subject to significant influence (Note 8)	(15,280)	138,077	96,472	207,584
	(9,162)	134,801	57,297	151,788
Net loss	475,824	549,701	1,799,153	1,558,432
Basic and diluted net loss per common share	0.01	0.01	0.02	0.03
Basic and diluted weighted average number of common shares outstanding	90,568,444	58,945,593	82,166,688	58,533,499

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

Everton Resources Inc.

(An exploration stage Company)
Consolidated Deferred Exploration Expenses (unaudited)

	Three months Ended July 31, 2010	Three months Ended July 31, 2009	Nine months Ended July 31, 2010	Nine months Ended July 31, 2009
	$	$	$	$
Balance, beginning of period	13,326,592	10,279,434	10,847,065	9,756,154
Additions				
Drilling	4,931	206,787	1,495,492	317,456
Project consulting	82,078	6,611	342,111	17,186
Geophysical survey	14,514	-	77,378	-
Geological survey	198,611	156,035	569,663	644,938
Geochemical survey	2,395	11,941	33,573	45,901
Report preparation	1,732	3,111	10,759	40,817
Renewal of licenses and permits	12,960	4,385	57,990	68,842
General field expenses	(12,311)	24,402	219,692	106,553
	304,910	413,272	2,806,658	1,241,693
Write-down of deferred exploration expenses	-	(140,798)	(3,410)	(371,434)
Cost of mineral properties sold (Note 10-j)	(206,861)		(206,861)	-
Tax credits and mining duties	5,517	(6,649)	(13,294)	(81,154)
	(201,344)	(147,447)	(223,565)	(452,588)
Balance, end of period	13,430,158	10,545,259	13,430,158	10,545,259

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

Everton Resources Inc.
(An exploration stage Company)
Consolidated Deficit (unaudited)

	Three months Ended July 31, 2010	Three months Ended July 31, 2009	Nine months Ended July 31, 2010	Nine months Ended July 31, 2009
	$	$	$	$
Deficit, beginning of the period	18,149,284	15,405,300	16,825,955	14,396,569
Net loss	475,824	549,701	1,799,153	1,558,432
Deficit, end of the period	18,625,108	15,955,001	18,625,108	15,955,001

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

Everton Resources Inc.
(An exploration stage Company)
Consolidated Comprehensive Loss (unaudited)

	Three months Ended July 31, 2010	Three months Ended July 31, 2009	Nine months Ended July 31, 2010	Nine months Ended July 31, 2009
	$	$	$	$
Net loss for the period	475,824	549,701	1,799,153	1,558,432
Other comprehensive (income) loss				
Realized (loss) gain on sale of available-for-sale investments transferred to the statement of operations	(13,374)	-	2,769	-
Unrealized gain on available-for-sale investments	(129,426)	(9,493)	(152,508)	(22,993)
Comprehensive loss for the period	333,024	540,208	1,649,414	1,535,439

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

Everton Resources Inc.

(An exploration stage Company)

Consolidated Cash Flows (unaudited)

	Three months Ended July 31, 2010	Three months Ended July 31, 2009	Nine months Ended July 31, 2010	Nine months Ended July 31, 2009
	$	$	$	$
OPERATING ACTIVITIES				
Net loss	(475,824)	(549,701)	(1,799,153)	(1,558,432)
Non-cash items				
Amortization of property, plant and equipment	1,734	2,630	5,202	8,970
Stock-based compensation	245,763	17,816	531,624	172,007
Unrealized foreign exchange loss	292	12,826	1,532	40,584
Write-down of deferred exploration expenses	-	140,798	3,410	371,434
Write-down of mineral properties	-	47,061	253,220	125,805
Loss on sale of property, plant and equipment	-	-	-	2,615
Gain on sale of mineral properties	(7,256)	-	(7,256)	-
Loss (gain) on sale of marketable securities (Note 7)	13,374	-	(2,769)	-
Impairment of marketable securities	-	-	-	15,625
Unrecoverable mining duties	-	-	-	740
Gain on sale of long term investment	-	-	(10,752)	-
Gain on settlement of transaction with related party (Note 11)	-	-	(14,521)	-
Share of net (gain) loss of company subject to significant influence	(15,280)	138,077	96,472	207,584
Changes in non-cash working capital items (Note 14)	(37,797)	56,795	9,273	33,103
Cash flows used in operating activities	(274,994)	(133,698)	(933,718)	(579,965)
INVESTING ACTIVITIES				
Proceeds from sale of long term investment	-	-	12,000	-
Proceeds from sale of marketable securities	67,837	-	113,290	-
Proceeds from disposal of property, plant and equipment	-	-	-	266
Deferred corporate transaction costs	-	(112,897)	-	(112,897)
Mineral exploration property costs	(474,533)	(19,658)	(989,472)	(474,087)
Deferred exploration expenses	(729,644)	(226,637)	(2,781,845)	(1,146,363)
Tax credits and mining duties received	70,020	871,831	235,387	1,146,985
Cash flows (used in) from investing activities	(1,066,320)	512,639	(3,410,640)	(586,096)
FINANCING ACTIVITIES				
Common shares issued	1,117,500	-	3,342,500	-
Warrants exercised		-	38,850	-
Options exercised	38,500	1,125	38,500	1,125
Share issuance costs	(8,889)	-	(275,601)	-
Cash flows from financing activities	1,147,111	1,125	3,144,249	1,125
(Decrease) increase in cash and cash equivalents	(194,203)	380,066	(1,200,109)	(1,164,936)
Cash and cash equivalents, beginning of period	675,880	2,407,213	1,681,786	3,952,215
Cash and cash equivalents, end of period	481,677	2,787,279	481,677	2,787,279
Non-cash supplemental information:				
Deferred exploration expenses included in accounts payable	43,009	209,745	43,009	209,745
Fair value of exercised warrants	-	-	9,278	-
Common shares received in exchange for mineral properties	360,000	-	360,000	-
Common shares issued to increase interest in mineral properties	-	-	140,000	52,500
Common shares received as payment from related party	-	29,310	81,211	29,310
Warrants issued in payment of private placement finders fees	-	-	119,580	-
Warrants issued in private placement	43,093	-	527,537	-

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

1. Governing statutes and nature of operations

Everton Resources Inc. (the “Company” or ‘’Everton’’) was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. Until June 2002, the Company was involved in an internet related business. In November 2002, the Company commenced its current nature of operations which involves acquisition, exploration and development of mineral resource properties. The Company is in the exploration stage and does not derive any revenue from the development of its properties.

Until it is determined that the Company’s properties contain mineral reserves or resources that can be economically mined, they are classified as mineral exploration properties. The recoverability of mineral exploration property costs and deferred exploration expenses is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals; and attaining profitable production.

2. Going concern assumption

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, as explained in the following paragraph.

As at July 31, 2010, the Company had a working capital of $472,841, including $481,677 in cash. Together with the $250,000 in proceeds from the private placement completed subsequent to quarter-end (Note 17), the Company anticipates having sufficient cash to meet its current option payment obligations (the Company entered into an agreement with a third party whereby the option payment and exploration expenditure obligations on the Shoal Lake properties will be assumed by the third party – Note 17) and meet its corporate general and administrative expenses for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, to carry out its exploration program on its properties and to meet all of its payment obligations and its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds.

These unaudited interim consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company’s assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

3. Accounting changes

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). They are consistent with the policies and practices used in the preparation of the Company’s audited annual financial statements, except for the adoption of the new standard described in the following paragraph. These unaudited interim financial statements should be read in conjunction with the Company’s audited financial statements for the years ended October 31, 2009 and 2008.

3. Accounting changes (continued)

Future accounting standards

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In October 2008, the CICA issued Handbook Sections 1582, "Business Combinations", 1601 "Consolidated Financial Statements", and 1602 "Non-controlling Interests". CICA 1582 establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed, CICA 1601 carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests, and CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company on November 1, 2011. The Company is currently evaluating the impact of the adoption of these new standards.

4. Financial instruments, risk management and capital management

Financial instruments

The Company's financial instruments at July 31, 2010 consist of cash and cash equivalents, marketable securities, accounts receivable, amount due from related party and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

In accordance with the amendments to Section 3862, "Financial Instruments – Disclosures", fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value of marketable securities and long-term investments over which the Company does not exercise significant influence are based on unadjusted quoted prices in active markets, and therefore classified in level 1.

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, currency risk, interest rate risk and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash and cash equivalents and accounts receivable. To mitigate exposure to credit risk, the Company has revised its policy to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's cash is held at several large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. The Company had a working capital of $472,841 at July 31, 2010, including cash of $481,677 and current liabilities totalling $142,683, due within the next 30 days. Together with the $250,000 in proceeds from the private placement completed subsequent to quarter-end (Note 17), the Company anticipates having sufficient cash to meet its current option payment obligations and meet its corporate general and administrative expenses for several months.

4. Financial instruments, risk management and capital management (continued)

The Company's ability to carry out its exploration program on its properties (Note 10), to meet its payment obligations and to meet its corporate and administrative obligations on a continuous basis is dependent on its obtaining additional financing, through various means including but not limited to equity financing (Note 2). The amount and timing of additional funding will be impacted by, among others, the strength of the capital markets.

Currency risk

The Company has exposure to financial risk arising from fluctuations in exchange rates (US dollars and Dominican Peso "DOP") and the degree of volatility of these rates. Although the Company has significant future commitments denominated in foreign currencies, the Company does not use forward exchange contracts to reduce exchange risk exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk.

The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as investment savings accounts, banker's acceptances, term deposits, guaranteed investment certificates or treasury bills), primarily with variable interest rates, with maturities of 90 days or less from the original date of acquisition.

The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on cash equivalents and the volatility of these rates.

Political risk

The Company carries out some of its exploration activities in the Dominican Republic. These activities may be subject to political, economical or other risks that could influence the Company's exploration activities and future financial situation.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any externally imposed capital requirements. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

5. Information included in consolidated operations

	Three months Ended July 31, 2010	Three months Ended July 31, 2009	Nine months Ended July 31, 2010	Nine months Ended July 31, 2009
	$	$	$	$
Interest from held-for-trading financial assets	-	3,276	3,877	24,036
Realized gain on settlement of transaction with related party (Note 11)	-	-	14,521	-
Other income	-	-	-	50,000
	-	3,276	18,398	74,036

6. Cash and cash equivalents

As at July 31, 2010, cash and cash equivalents total $481,677 ($1,681,786 as at October 31, 2009) and include investment savings account balances totalling $Nil ($1,510,303 in cash equivalents as at October 31, 2009). These have interest rates ranging from 0.75% to 0.80% (0.75% to 0.85% as at October 31, 2009).

7. Marketable securities

	July 31, 2010				October 31, 2009	
	Cost	Impairment	Unrealized gain (loss)	Fair value	Cost	Fair value
	$	$	$	$	$	$
25,000 (25,000 at Oct 31, 2009) common shares of Augyva Inc.	17,250	(15,625)	3,625	5,250	17,250	1,625
Nil (255,352 at Oct 31, 2009) common shares of Adventure Gold Inc. ("Adventure") (1) (2) (3)	-	-	-	-	29,310	33,196
	17,250	(15,625)	3,625	5,250	46,560	34,821

(1) On January 14, 2010, Everton sold 255,352 shares of Adventure for net proceeds of $45,453, realizing a gain of $16,143.

(2) On January 27, 2010, Everton received 507,569 shares of Adventure (valued at $81,211) in payment of the outstanding balance of 2009 shared costs of $66,690. Everton recorded a gain on settlement of a transaction with a related party for $14,521.

(3) On July 14, 2010, Everton sold 507,569 shares of Adventure for net proceeds of $67,837, realizing a loss of $13,374.

8. Long term investment

Investment in NQ Exploration Inc. ("NQ")

Further to a sale agreement dated November 22, 2007, and amended on December 5, 2007, the Company sold the following 18 properties located in the James Bay Area to NQ in exchange for 12,000,000 common shares of NQ valued at a price of $0.10 per share. On April 30, 2008, NQ completed its Initial Public Offering.

8. Long term investment (continued)

The Company has significant influence over NQ and therefore the equity method has been used as the basis of accounting for the investment from the date of acquisition. As at July 31, 2010, the Company has a 35% ownership interest in NQ (38% as at October 31, 2009). The cumulative share of net loss of NQ takes into consideration the changes in the holding interest over the period.

	July 31, 2010	October 31, 2009
	$	$
Cost	1,191,900	1,200,000
Cumulative share of net loss of NQ	(1,093,731)	(1,004,111)
	98,169	195,889

On April 1, 2010, Everton sold 81,000 shares of NQ for net proceeds of $12,000, realizing a gain of $10,752.

The market value of the Company’s investment in NQ Exploration Inc. as at July 31, 2010 is $1,132,000 ($1,920,000 at October 31, 2009).

The common shares are held in escrow, and will be released according to the following schedule:

	Number of shares	Date released/to be released
Shares issued under escrow	12,000,000	
	(1,200,000)	April 30, 2008
	(1,800,000)	October 27, 2008
	(1,800,000)	April 25, 2009
	(1,800,000)	October 30, 2009
	(1,800,000)	April 20, 2010
Shares escrowed as at July 31, 2010	3,600,000	
Shares still to be released	1,800,000	October 17, 2010
	1,800,000	April 15, 2011
	3,600,000	

Investment in Focus Metals Inc. (“Focus”)

On March 24, 2009, and as amended on May 22, 2009, December 11, 2009, March 25, 2010 and April 30, 2010, the Company signed an agreement with Focus to sell its 100% interest in the Labrador Trough properties, located in the Labrador Trough region of Quebec, in consideration for 6,000,000 common shares of Focus valued at a price of $0.06 per share.

As the completion of the transaction was subject to the listing of Focus’ common shares on the TSX-V, the Company did not record the sale until this condition could be satisfied. On May 21, 2010, concurrent with the listing of Focus’ securities on the TSX-V, the Company completed the sale of the Labrador Trough properties and received 6,000,000 common shares of Focus.

8. Long term investment (continued)

The Company does not have significant influence over Focus and therefore the cost method has been used as the basis of accounting for the investment from the date of acquisition. As at July 31, 2010, the Company has a 16% ownership interest in Focus.

	July 31, 2010			October 31, 2009	
	Cost	Unrealized gain	Fair value	Cost	Fair value
	$	$	$	$	$
6,000,000 common shares of Focus	360,000	150,000	510,000	-	-

Under a Surplus Security Escrow Agreement, the common shares are subject to a 36-month staged release escrow, and will be released according to the following schedule:

	Number of shares	Date released/to be released
Shares issued under escrow	6,000,000	
	(300,000)	May 21, 2010
Shares escrowed as at July 31, 2010	5,700,000	
Shares still to be released	300,000	November 21, 2010
	600,000	May 21, 2011
	600,000	November 21, 2011
	900,000	May 21, 2012
	900,000	November 21, 2012
	2,400,000	May 21, 2013
	5,700,000	

9. Property, plant and equipment

	July 31, 2010			October 31, 2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Computer equipment	40,259	30,298	9,961	12,853
Furniture and equipment	31,952	18,857	13,095	15,405
	72,211	49,155	23,056	28,258

The cost and accumulated amortization is $103,765 and $75,507 respectively as at October 31, 2009.

10. Mineral exploration properties and deferred exploration expenses

	July 31, 2010		October 31, 2009	
	Mineral Properties	Deferred Exploration Expenses	Mineral Properties	Deferred Exploration Expenses
	$	$	$	$
Canada				
Ontario				
a) Shoal Lake West (Duport)	1,404,243	1,583,279	1,224,243	64,808
b) Shoal Lake East (Machin)	315,544	222,621	252,544	105,212
c) Shoal Lake East (KPM)	836,012	68,026	756,012	15,010
d) Hays Lake	555,562	69,676	525,562	45,199
e) Porcupine & Destor	-	-	253,220	-
f) Other	6,650	702	6,650	-
Quebec				
g) Opinaca	550,452	2,756,405	290,452	2,734,965
h) Wildcat	176,465	1,131,272	176,465	1,121,141
i) James Bay Area	16,805	45,400	16,805	44,984
j) Labrador Trough	-	-	145,883	206,861
k) Sirmac Lithium	240	20,568	240	17,582
British Columbia				
l) Hot Springs	1,000	55,531	1,000	32,133
	3,862,973	5,953,480	3,649,076	4,387,895
Dominican Republic				
m) Cuance	-	1,019,618	-	1,012,353
m) Los Hojanchos	-	323,011	-	316,342
n) La Cueva (Loma El Mate)	183,836	933,293	183,836	922,748
o) Jobo Claro	302,280	535,277	302,280	518,053
p) Maimon Copper	-	983,691	-	969,718
q) La Mireya	5,635	47,195	5,635	43,383
r) Ampliacion Pueblo Viejo	1,258,460	2,829,878	833,530	2,004,887
r) Ponton (Loma Hueca)	197,197	175,338	143,119	112,370
s) Fresso	91,712	533,833	54,248	506,715
t) Other	-	95,544	-	52,601
	2,039,120	7,476,678	1,522,648	6,459,170
TOTAL	5,902,093	13,430,158	5,171,724	10,847,065

10. Mineral exploration properties and deferred exploration expenses (continued)

Ontario

Subsequent to quarter-end (Note 17), the Company entered into an agreement to sell all of the issued and outstanding shares of its wholly-owned subsidiary Hays Lake Gold Inc. (''HLG'') to Kaskattama Inc ("Kaskattama") for a total consideration of approximately $7.6 million. HLG holds the Shoal Lake Gold properties comprised of two significant high grade gold deposits: Duport and Cedar Island, on 81.3 km2, located in the Shoal Lake area, near Kenora, Ontario. Consequently, all of the cash payment and exploration expenditure commitments on the Shoal Lake West and East (Machin and KPM) properties (a,b and c below) will be assumed by Kaskattama, once the sale transaction is finalized.

a) Shoal Lake West (Duport), Ontario

Under an option agreement, dated October 7, 2008, between the Company and Halo Resources Ltd. (''Halo''), the Company can acquire a 51% interest in mining claims located in Glass Township, Shoal Lake Ontario, by issuing 5,438,400 HLG common shares (converted to 2,012,208 Everton shares on September 17, 2009), making cash payments totalling $770,000 over 4 years and incurring $1,500,000 in exploration work by May 1, 2010.

As at July 31, 2010, the Company has met the exploration work commitment of $1,500,000 and the only remaining commitments are quarterly cash payments as follows:

	Cash payments
	$
9 quarterly payments of $60,000, ending October 31, 2012	540,000
	540,000

Under the same agreement, the Company has the option to increase its interest in the property from 51% to 75% by incurring an additional $3,500,000 in exploration work and making a cash payment of $6,000,000, by October 31, 2012.

	Cash payments	Exploration expenses
	$	$
On or before October 31, 2012	6,000,000	3,500,000

Halo retains a 1.5% NSR on the first 1,000,000 ounces of gold produced and 5% on all gold produced in excess of 1,000,000 ounces. The Company has the right to buy back 1% NSR at any time prior to commercial production for $2,500,000.

b) Shoal Lake East (Machin), Ontario

Under an option agreement, dated September 19, 2008, between the Company and Machin Mines Ltd. (''Machin''), the Company can acquire a 100% interest in 15 patents and 8 claims located in Glass Township, Shoal Lake Ontario, for cash consideration of $1,517,000 over 4 years and the issuance of 500,000 HLG common shares (converted to 185,000 Everton shares on September 17, 2009).

10. Mineral exploration properties and deferred exploration expenses (continued)

As at July 31, 2010, the remaining commitments are as follows:

	Cash payments
	$
9 quarterly payments of $27,000 ending September 30, 2012	243,000
On or before September 30, 2012	1,114,000
	1,357,000

Machin retains a 1.5% NSR on the first 500,000 ounces of gold produced and 2% on all gold produced in excess of 500,000 ounces. The Company has the right to purchase one-third of the NSR at any time prior to commercial production for $1,000,000.

c) Shoal Lake East (KPM), Ontario

On December 19, 2008, the Company signed an agreement with Kenora Prospectors & Miners Ltd ("KPM") to acquire a 100% interest in the Kenora property, located in Glass Township, Ontario, for cash consideration of $3,260,000 over 4 years.

As at July 31, 2010, the remaining commitments are as follows:

	Cash payments
	$
10 quarterly payments of $30,000, ending December 31, 2012	300,000
On or before December 31, 2012	2,242,684
	2,542,684

KPM retains a 1.5% NSR on the first 500,000 ounces of gold and silver produced and 2% on all gold and silver produced in excess of 500,000 ounces. The Company has the right to purchase one-third of the NSR at any time prior to commercial production for $1,000,000.

d) Hays Lake, Ontario

Under an option agreement with five individuals (''the optioners''), dated December 19, 2007 and an assignment, dated April 7, 2008, by which the Company became bound to the option agreement, the Company can acquire a 100% interest in 3 mining claims located in the Priske Township, Ontario, by incurring $100,000 in exploration work, making cash payments totaling $100,000 and issuing 5,300,000 HLG common shares (converted to 1,961,000 Everton shares on September 17, 2009) to the optioners and the assignor.

As at July 31, 2010, the remaining commitments are as follows:

	Cash payments	Exploration expenses
	$	$
On or before December 31, 2010	40,000	30,000
On or before December 31, 2011	-	40,000
	40,000	70,000

10. Mineral exploration properties and deferred exploration expenses (continued)

The optioners retain a 3% NSR on the mining claims and HLG has the right to purchase up to 1.5% NSR for cash consideration of $1,500,000. Such purchase can be made in increments of $500,000 per each 0.5% NSR. Commencing on the 4^{th} anniversary of the agreement the Company will be required to pay to the optioner a pre-production advance royalty of $10,000 per annum.

e) Porcupine & Destor, Ontario

Under an option agreement with an individual (‘’the optioner’’), dated April 3, 2008, and an assignment, dated April 4, 2008, by which the Company became bound to the option agreement, the Company acquired a 2 year option to acquire a 100% interest in any one or more of 16 blocks of claims, located in various townships near Timmins, Ontario, by issuing 3,000,000 HLG common shares (converted to 1,110,000 Everton shares on September 17, 2009) to the optioner and the assignor.

During the period ended April 30, 2010, the Company wrote down the cost of the property to Nil further to the expiry of the option ($253,220 in acquisition costs and $3,410 in deferred exploration expenses).

f) Other

Other properties consist of 70 claims adjacent to Shoal Lake East properties, that the Company staked in October 2009 for $6,650.

g) Opinaca, Quebec

On December 13, 2004, Everton signed an option agreement with Azimut Exploration (‘’Azimut”) to earn a 50% undivided interest in 546 claims by spending $4,800,000 in exploration work and by making cash payments of $340,000 over 5 years. All of these conditions were met and the Company acquired its 50% undivided interest in the property. During the period ended April 30, 2010, the Company made a final cash payment of $200,000 as the Company elected not to increase its interest in the property from 50% to 65%.

Subsequent to quarter-end (Note 17), the Company and Azimut announced the signing of a letter of intent with Aurizon Mines Ltd. (“Aurizon”) whereby Aurizon can acquire up to an undivided 60% ownership interest in the Opinaca property, in which Everton and Azimut each hold an undivided 50% interest, by making total cash payments of $880,000 and incurring expenditures of $9.0 million.

h) Wildcat, Quebec

On January 25, 2005, Everton acquired a 100% interest in 579 claims grouped in 7 different blocks. These claims were acquired from an independent prospector for cash consideration of $100,000 and the issuance of 300,000 shares of Everton for a value of $120,000. Since the acquisition date, the Company increased its land package by staking an additional 302 claims. These claims are also adjacent to the Eleonore gold discovery.

Subsequent to quarter-end, the Company announced the signing of a letter of intent with Aurizon whereby Aurizon can acquire up to an undivided 65% interest in Everton’s wholly-owned Wildcat property, by making total cash payments of $550,000 and incurring expenditures of $3,250,000.

i) James Bay Area, Quebec

The mineral properties and deferred exploration expenses in James Bay Area as at July 31, 2010 relate to expenditures incurred on the Coulon property acquired by map-staking.

10. Mineral exploration properties and deferred exploration expenses (continued)

j) Labrador Trough, Quebec

In 2008, the Company acquired by map-staking 1,447 designated claims in 13 new projects covering 668 km^2 in the Labrador Trough region of Quebec: Goose, Fox, Lac Aulneau, Colombet, Leopard, Diana, Lemming, Jack Rabbit, Lac Ribero, Otelnuck, Minowean, Canyon and Romer.

On March 24, 2009, and as amended on May 22, 2009, December 11, 2009, March 25, 2010 and April 30, 2010, the Company signed an agreement with Focus for the sale of the mineral rights on these properties in consideration for 6 million common shares of Focus at a price of $0.06 per share, for an aggregate consideration of $360,000.

As the completion of the transaction was subject to the listing of Focus' common shares on the TSX-V, the Company did not record the sale until this condition could be satisfied. On May 21, 2010, concurrent with the listing of Focus' securities on the TSX-V, the Company completed the sale of the Labrador Trough properties and received 6,000,000 common shares of Focus.

k) Sirmac Lithium, Quebec

Sirmac Lithium property consists of 15 designated claims acquired by map-staking.

l) Hot Springs, British Columbia

Hot Springs property is located in the New Westminster Mining Division in British Columbia, Canada. The property consists of 8 contiguous mineral claims made of 92 units owned 100% by the Company.

m) Cuance and Los Hojanchos, Dominican Republic

On August 26, 2003, Everton entered into an option agreement with Globestar Mining Corporation (''Globestar'') to earn up to a 70% interest in three gold and base metals concessions, namely Cuance, Los Hojanchos and Loma de Payabo concessions. The concessions, collectively known as the Everton Concession Group, are located in the Central Cordillera of the Dominican Republic within the Maimon Copper and Los Ranchos Formations. The above agreement was amended on August 17, 2007 and again on September 29, 2008, and September 3, 2009. The nature of the amendments was to extend the exploration commitment date.

Everton agreed to incur exploration expenditures totalling US $1,170,000 (CAD $1,184,000) by July 31, 2010 to earn a 50% interest in two of these properties, Cuance and Los Hojanchos (a minimum of US $585,000 (CAD$592,000) per concession). In March, 2010, the Company earned its 50% interest in the two properties, further to an amendment to the agreement.

The Company can increase its interest to 70% by completing a bankable feasibility study within two years.

These concessions are subject to a 1.5% net smelter royalty, which can be acquired for CAD $750,000.

10. Mineral exploration properties and deferred exploration expenses (continued)

n) La Cueva (Loma El Mate), Dominican Republic

On December 8, 2003, the Company entered into an earn-in agreement with Brigus Gold Corp. (“Brigus”) (Linear merged with Apollo Gold Corp. to form Brigus) for the La Cueva (Loma El Mate) Project, located in the Dominican Republic, which is contiguous to the southeast corner of the Pueblo Viejo Gold Mine concession. The Company had the option to acquire a 50% interest in the property by incurring cumulative expenditures of US $500,000 (CAD $567,000) over a two year period, issuing 200,000 common shares and paying an option fee of US $70,000 (CAD $79,000). All of the above conditions were met and the Company has acquired its 50% interest.

Subsequent to quarter-end (Note 17), the Company and Brigus signed an amended agreement by which Everton can earn an additional 20% interest in the concession by incurring an additional US $1,000,000 (CAD $1,029,000) in exploration work.

o) Jobo Claro, Dominican Republic

The Company holds a 100% interest in the Jobo Claro concession which it had acquired from a local concession holder in 2007. The property is adjacent to the Pueblo Viejo Mine in the Dominican Republic.

p) Maimon Copper, Dominican Republic

The Maimon Copper projects are comprised of 5 polymetallic concessions: Miranda, Tocoa, La Sidra, El Llano and La Yautia. These concessions are located within the Maimon formation in the Dominican Republic and are held 100% by the Company.

q) La Mireya, Dominican Republic

In May 2006, the Company executed an agreement with Globestar to acquire a 100% interest in La Mireya gold concession in the eastern cordillera of the Dominican Republic.

Under the terms of the agreement with Globestar, Everton exchanged its 50% joint venture interest in the Corozal and Cercadillo nickel laterite concessions in return for Globestar’s La Mireya gold concession. Everton retains a 1% NSR on Corozal and Cercadillo while Globestar retains a 2% NSR on La Mireya. Globestar and Everton also have the right to purchase half of the other’s NSR at any time for US $500,000 (CAD $514,500).

r) Ampliacion and Ponton (Loma Hueca), Dominican Republic

In April 2007, the Company obtained an option to acquire from Brigus an undivided 50% interest in the Ampliacion Pueblo Viejo and Ponton (Loma Hueca) Concessions.

<u>Ampliacion</u>

To earn its 50% interest in the Ampliacion Pueblo Viejo Concession, the Company was required to make cash payments totaling US $700,000 (CAD $818,460), incur US $2,500,000 (CAD $2,529,000) in exploration work and issue 1,200,000 common shares over a three-year period. All these conditions were met and the Company earned its initial 50% interest in the property.

Subsequent to quarter-end (Note 17), the Company and Brigus signed an amended agreement by which Everton can earn an additional 20% interest in the concession by incurring an additional US $2,500,000 (CAD $2,573,000) in exploration work by April 10, 2012.

10. Mineral exploration properties and deferred exploration expenses (continued)

Ponton (Loma Hueca)

The Company can earn its interest in the Ponton (Loma Hueca) Concession by making cash payments totaling US $100,000 (CAD $114,000), work commitments of US $600,000 (CAD $617,000) and issuing 200,000 common shares over a three-year period.

As at July 31, 2010, the remaining commitments are as follows:

	Work Commitment USD$	
On or before April 10, 2011	500,000	(1)

(1) Subsequent to quarter-end (Note 17), the Company was granted a one year extension to fulfill its work commitment on the concession.

The Company can increase its interest in the concession to 65% by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Linear US $250,000 (CAD $257,000) and issuing 300,000 additional common shares.

s) Fresso, Dominican Republic

On May 28, 2008, the Company signed an option agreement with Asesores Internacionales Expecializados, S.A. (''Asesores'') to acquire a 100% interest in the Fresso concession located in the north-western Dominican Republic for cash consideration of US $35,000 (CAD $34,591) to the concession owner for a one-year evaluation period. As at July 31, 2010, the Company had paid US $77,500 (CAD $91,713) to Asesores for the initial one-year period and three additional six-month extension periods. The Company has until November 28, 2010 to make a final cash payment of US $140,000 (CAD $144,000) to acquire 100% interest in the property. The concession owner is entitled to a 0.50% NSR. The Company will have the option to acquire 50% of this NSR at any time for US $250,000 (CAD $257,000).

t) Other

Other properties consist of several eastern Dominican Republic concessions.

11. Related party transactions

Related party transactions not disclosed elsewhere in these consolidated financial statements are as follows:

Under an agreement between the Company and Majescor Resources Inc. (“Majescor”) (which shares common management), the Company charges Majescor for shared salaries and benefits, rent and office expenses. During the three and nine months ended July 31, 2010, the cost of shared salaries and benefits was $19,250 and $47,750 respectively ($14,250 and $51,916 in 2009) and rent and office expenses were $714 and $2,142 respectively ($714 and $15,561 in 2009). Included in amount due from related party is $5,000 ($Nil as at October 31, 2009) due from Majescor.

11. Related party transactions (continued)

Under an agreement between the Company and Adventure Gold Inc. (“Adventure”) (which shares common management), the Company charges Adventure for shared salaries and benefits, rent and office expenses. During the three and nine months ended July 31, 2010, the cost of shared salaries and benefits was $22,500 and $67,500 respectively ($22,500 and $67,828 in 2009) and rent and office expenses were $1,500 and $4,500 respectively ($1,500 and $5,684 in 2009). Included in amount due from related party is $Nil ($50,057 as at October 31, 2009) due from Adventure.

On January 27, 2010, Adventure issued 507,569 common shares (valued at $81,211) to the Company in payment of the outstanding balance of 2009 shared costs of $66,690. Everton recorded a gain on settlement of a transaction with a related party for $14,521.

Under an agreement between the Company and Focus (which shares common management), the Company charges Focus for shared salaries and benefits, rent and office expenses. During the three and nine months ended July 31, 2010, the cost of shared salaries and benefits was $11,340 and $11,340 respectively ($Nil and $Nil in 2009) and rent and office expenses were $4,660 and $4,660 respectively ($Nil and $Nil in 2009). Included in amount due from related party is $Nil ($Nil as at October 31, 2009) due from Focus.

These transactions were measured at the exchange amount, that is the amount established and accepted by the parties and were conducted in the normal course of business.

The amounts due from related party are without interest.

12. Share capital

a) Authorized

Unlimited number of common shares without par value.

Issued

	Number of shares	$
Balance, October 31, 2009	77,128,933	28,419,889
Shares issued for cash (net of issue costs of $395,181) (1) (2)	13,370,000	2,419,782
Shares issued on the exercise of warrants	185,000	48,128
Shares issued on the exercise of options	175,000	52,152
Shares issued for property payments	500,000	140,000
Balance, July 31, 2010	91,358,933	31,079,951

12. Share capital (continued)

(1) In April, 2010, the Company completed a non-brokered private placement for gross proceeds of $3,067,500. The private placement was comprised of 12,270,000 Units at a price of $0.25 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.40 for a period of twenty-four months following the closing date. The Company paid finders' fees of $233,000 and issued 932,000 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of $0.25 for a period of twenty-four months following the closing date. Other share issuance costs total $36,968. The warrants issued in connection to the private placement have been recorded at a value of $484,444 based on the proportional method and warrants issued as finders' fees have been recorded at a value of $119,580 based on the Black-Scholes option pricing model, using the following assumptions: weighted average risk-free interest rate of 1.91%, expected life of warrants of 2 years, annualized volatility of 91% and dividend rate of 0%.

(2) On June 28, 2010, the Company completed a non-brokered private placement for gross proceeds of $275,000. The private placement was comprised of 1,100,000 Units at a price of $0.25 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.40 until June 28, 2012. The warrants issued in connection to the private placement have been recorded at a value of $43,093 based on the proportional method using the following Black-Scholes option pricing model assumptions: weighted average risk-free interest rate of 1.51%, expected life of warrants of 2 years, annualized volatility of 91% and dividend rate of 0%. Other share issuance costs total $5,633.

b) Warrants

	Number of warrants	Weighted average exercise price	
		$	$
Balance, October 31, 2009	4,743,319	0.27	233,861
Granted	7,617,000	0.38	647,117
Exercised	(185,000)	0.21	(9,278)
Expired	(1,079,187)	0.35	(28,187)
Balance, July 31, 2010	11,096,132	0.34	843,513

12. Share capital (continued)

As at July 31, 2010, the following stock purchase warrants were outstanding and exercisable:

Number	Exercise Price		Expiry Date
	$	$	
74,000	0.20	6,293	April 30, 2011
3,071,799	0.25	175,024	September 17, 2011
333,333	0.25	15,079	October 6, 2011
480,000	0.40	35,935	April 1, 2012
28,800	0.25	3,201	April 1, 2012
940,000	0.40	77,108	April 9, 2012
150,400	0.25	21,270	April 9, 2012
4,715,000	0.40	371,401	April 26, 2012
752,800	0.25	95,109	April 26, 2012
550,000	0.40	43,093	June 28, 2012
11,096,132		843,513	

c) Stock option plan

On December 3, 2009, the Company increased the maximum number of its options from 5,680,698 to 7,712,893.

The following table reflects the continuity of stock options for the period ended July 31, 2010:

	Number of options	Weighted average exercise price
		$
Balance, October 31, 2009	4,190,000	0.47
Granted to employees (1) (4) (5)	1,650,000	0.24
Granted to non-employees (1) (2) (3) (4) (5)	1,925,000	0.24
Forfeited	(460,000)	0.17
Expired	(200,000)	0.37
Exercised	(175,000)	0.22
Balance, July 31, 2010	6,930,000	0.38

The stock options granted in items (1) through (5) have an exercise price that is greater than or equal to the market price at the date of grant and a weighted average fair value of $0.15

(1) On November 20, 2009, 1,230,000 stock options were granted to Directors, Officers, employees and consultants of the Company at an exercise price of $0.22 per share, expiring on November 20, 2014.

(2) On November 20, 2009, 600,000 stock options were granted to investor relations consultants at an exercise price of $0.22 per share, expiring on November 20, 2010.

(3) On February 22, 2010, 500,000 stock options were granted to consultants of the Company at an exercise price of $0.28 per share, expiring on February 22, 2015.

12. Share capital (continued)

(4) On May 11, 2010, 420,000 stock options were granted to an Officer, employees and consultants of the Company at an exercise price of $0.27 per share, expiring on May 11, 2015.

(5) On July 9, 2010, 825,000 stock options were granted to Directors, an Officer, employees and a consultant of the Company at an exercise price of $0.25 per share, expiring on July 9, 2015.

As at July 31, 2010, the following options were outstanding and exercisable:

Range of exercise prices	Number outstanding	Weighted average remaining Contractual life	Weighted average exercise price	Number exercisable
$0.10-$0.15	1,905,000	3.39	$0.10	1,680,000
$0.22-$0.28	3,240,000	0.03	$0.24	2,915,000
$0.40-$0.45	450,000	1.48	$0.43	450,000
$0.78-$1.10	1,000,000	1.70	$0.86	1,000,000
$1.30-$1.38	335,000	1.33	$1.30	335,000
	6,930,000			6,380,000

13. Contributed surplus

Contributed surplus consists of the following components:

	July 31, 2010	July 31, 2009
	$	$
Balance, beginning of period	6,438,177	6,243,342
Stock-based compensation to employees	304,445	171,341
Stock-based compensation to non-employees	227,179	666
Black-Scholes value of exercised options	(13,652)	(462)
Expiry of warrants	28,187	-
Balance, end of period	6,984,336	6,414,887

14. Changes in non-cash working capital items

Changes in the non-cash working capital consists of the following items:

	Three months Ended July 31, 2010	Three months Ended July, 2009	Nine months Ended July 31, 2010	Nine months Ended July, 2009
	$	$	$	$
Accounts receivable	97,162	9,186	29,011	14,716
Amounts due from related party	(2,713)	2,417	(22,309)	(47,070)
Prepaid expenses	(20,362)	(7,487)	48,442	1,131
Accounts payable and accrued liabilities	(111,884)	52,679	(45,871)	64,326
Total changes in non-cash working capital	(37,797)	56,795	9,273	33,103

15. Segmented information

The Company has determined that it only operates in one segment, being acquisition, exploration and development of mineral properties for economically recoverable reserves. Long term assets segmented by geographical area are as follows:

	July 31, 2010	October 31, 2009
	$	$
Canada	10,447,678	8,227,985
Dominican Republic	9,515,798	8,014,951
Total	19,963,476	16,242,936

16. Comparative figures

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

17. Subsequent events

Amendment to Dominican Republic option agreements

On August 12, 2010, the Company announced the amendment of their joint venture option agreements with Brigus relating to three exploration projects in the Domincan Republic. Under the amended agreements, Everton has the right to earn an additional 20% interest in the Ampliacion Pueblo Viejo ("APV") and the La Cueva (Loma El Mate) projects by incurring an additional US $2.5 million in exploration related to APV and US $1 million related to La Cueva (Loma El Mate). Everton was also granted a one year extension, until April 10, 2011, to meet the remaining exploration commitment in order to earn its initial 50% interest in the Ponton (Loma Hueca) project, the third joint venture between the two companies.

Closing of a private placement

On September 9, 2010, the Company completed a non-brokered private placement for gross proceeds of $250,000. The private placement was comprised of 1,000,000 units at a price of $0.25 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.40 until September 9, 2012. The Company paid finder's fees totalling $20,000 and issued 80,000 non-transferable finder's fee warrants, each warrant entitling the holder to acquire one common share of the Company at a price of $0.25 until September 9, 2012. All securities issued in connection with the private placement are subject to a four month and one day hold period from the closing date.

Signing of a letter of intent to option the Opinaca property

On September 16, 2010, the Company and Azimut announced the signing of a letter of intent with Aurizon whereby Aurizon can acquire up to an undivided 60% ownership interest in the Opinaca property, which Everton and Azimut each hold an undivided 50% interest in.

17. Subsequent events (continued)

The key terms of the letter of intent are as follows:

- Aurizon can earn a 50% interest in the property by making cash payments totalling $580,000 and incurring expenditures of $6,000,000 over four years, including 5,000 metres of drilling by the second anniversary.

- Aurizon will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.

- After earning its initial 50% interest in the property, Aurizon may then elect to earn an additional interest of 10%, for a total interest of 60%, by making cash payments totalling $300,000 over three years from the election date, incurring expenditures totalling $3,000,000 over three years from the election date, and delivering an independent pre-feasibility study on or before the fourth anniversary.

- In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6 grams of gold per tonne, are discovered, Aurizon shall make a payment of $1,500,000, payable in Aurizon common shares, subject to regulatory approval.

Signing of a letter of intent to option the Wildcat property

On September 16, 2010, the Company announced the signing of a letter of intent with Aurizon whereby Aurizon can acquire up to an undivided 65% interest in Everton's Wildcat property. The Wildcat property is 100% owned by Everton.

The key terms of the letter of intent are as follows:

- Aurizon can earn a 50% interest in the property by incurring expenditures of $3,250,000 over four years, including 3,000 metres of drilling within two years.

- Aurizon will also subscribe for a private placement of 1,000,000 units of Everton at a price of $0.25 per unit, each unit comprising one common share and one share purchase warrant exercisable to acquire one additional common share at $0.40 per share for a term of two years.

- Aurizon will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.

- After earning its initial 50% interest in the property, Aurizon may then elect to earn an additional interest of 15%, for a total interest of 65%, by making cash payments totalling $300,000 over three years from the election date, and delivering an independent pre-feasibility study by the end of the fourth anniversary of the election date.

- In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6 grams of gold per tonne, are discovered, Aurizon shall make a payment of $1,500,000 payable in Aurizon common shares, subject to regulatory approval.

17. Subsequent events (continued)

Signing of a binding letter agreement to sell the Shoal Lake properties

On September 27, 2010, the Company announced the signing of a binding letter agreement to sell all of the issued and outstanding shares of its wholly-owned subsidiary HLG to Kaskattama for a total consideration of approximately $7.6 million. HLG holds the Shoal Lake Gold properties comprised of two significant high grade gold deposits: Duport and Cedar Island, on 81.3 km2, located in the Shoal Lake area, near Kenora, Ontario. The $7.6 million consideration is allocated as follows:

- $2 million in cash to be paid upon execution of a final Sale and Purchase Agreement
- 14 million shares of Kaskattama at a minimum price of $0.40 per common share

The transaction is expected to close by no later than November 15, 2010, or any other date agreed to in writing by the parties, and is subject to various conditions customary to this type of transaction, among which:

(a) Completion by Kaskattama of a legal, technical, and environmental due diligence investigation on HLG and its business with the results of such investigation being acceptable to Kaskattama in its sole and absolute discretion no later than October 31st , 2010;

(b) Successful financing to allow Kaskattama to make the $2 million cash payment to Everton;

(c) Listing of Kaskattama's common shares on the TSX or TSX-V by no later than November 30th, 2010.

Kaskattama is a Canadian controlled private corporation based in Toronto, Ontario. It was incorporated under the *Business Corporation Act* (Ontario) on July 11, 2007. Kaskattama has a mining business development plan targeting undeveloped assets for near term resource development. It has a Canadian focus with preference given to partnerships with First Nations.

Kaskattama currently has 39,697,500 shares outstanding. Following the issue of 14 million shares to Everton, but before financing, Everton will own 26% of Kaskattama. Kaskattama intends to raise approximately $10 to $15 million in its financing, of which $2 million will be payable to Everton.

Everton purchased HLG one year ago on September 17, 2009 through the issuance of 11,999,938 common shares at a fair value of $0.17 per share plus certain other costs for a total purchase price of $2.4 million. Including the cost of the acquisition and all property related payments and exploration expenditures capitalized to date, the current carrying value of properties being sold to Kaskattama is approximately $4.5 million. Based on the above purchase price, Everton expects to realize a minimum gain of $3.1 million using a value of $0.40 per Kaskattama common share.