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**NEWSTRIKE RESOURCES LTD.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED JUNE 30, 2010**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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# Management's Responsibility for Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Newstrike Resources Ltd. (the "Company" or "Newstrike") are the responsibility of the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim 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 unaudited condensed interim 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.

(signed)  
John A. Pollock  
Chief Executive Officer

(signed)  
Carmelo Marrelli  
Chief Financial Officer

Toronto, Canada  
August 25, 2010

## NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three months ended June 30, 2009 have not been reviewed by the Company's auditors.

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**Newstrike Resources Ltd.**

Condensed Interim Statement of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

	As at June 30, 2010	As at March 31, 2010 (note 19)	As at April 1, 2009 (note 19)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents (note 7)	\$ 478,227	\$ 669,096	\$ 87,160
Restricted cash (note 7(a))	15,000	15,000	15,000
Guaranteed investment certificates	800,000	1,001,250	1,225,341
Marketable securities	-	-	13,302
Accounts receivable and other assets (note 8)	14,299	16,171	18,703
<b>Total assets</b>	<b>\$ 1,307,526</b>	<b>\$ 1,701,517</b>	<b>\$ 1,359,506</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities (note 9)	\$ 30,240	\$ 156,392	\$ 35,097
<b>Capital and reserves</b>			
Share capital (note 10)	6,098,628	6,098,628	5,365,515
Reserves	1,192,867	1,192,867	337,544
Deficit	(6,014,209)	(5,746,370)	(4,378,650)
<b>Total equity</b>	<b>1,277,286</b>	<b>1,545,125</b>	<b>1,324,409</b>
<b>Total equity and liabilities</b>	<b>\$ 1,307,526</b>	<b>\$ 1,701,517</b>	<b>\$ 1,359,506</b>

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

Contingencies and commitments (note 18)

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**Newstrike Resources Ltd.****Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)****Three Months Ended  
June 30,  
2010                      2009  
(note 19)**

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**Expenses**

Exploration expenditures (note 14)	\$ 222,531	\$ 80,516
General and administrative (note 15)	46,702	38,106
<b>Operating loss before the following items</b>	<b>(269,233)</b>	<b>(118,622)</b>
Interest income (expense)	1,394	(6,695)
Gain on sale of marketable securities	-	350
<b>Net loss for the period</b>	<b>\$ (267,839)</b>	<b>\$ (124,967)</b>
<b>Other comprehensive income</b>		
Unrealized gain on marketable securities	\$ -	\$ 26,363
Reclassification of unrealized loss on disposal of marketable securities	-	25
<b>Other comprehensive income</b>	<b>\$ -</b>	<b>\$ 26,388</b>
<b>Total comprehensive loss</b>	<b>\$ (267,839)</b>	<b>\$ (98,579)</b>
<b>Basic and Diluted net loss per share</b> (note 12)	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>18,489,966</b>	<b>16,068,300</b>

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The notes to the unaudited condensed interim financial statements are an integral part of these statements.

**Newstrike Resources Ltd.**  
**Condensed Interim Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**Three Months Ended**  
**June 30,**  
**2010**                      **2009**  
(note 19)

**Operating activities**

Net loss	\$	(267,839)		\$	(124,967)
Adjustment for:					
(Interest income) expense		(1,394)			6,695
Gain on sale of marketable securities		-			(350)
Non-cash working capital items:					
Accounts receivable and other assets		1,872			3,300
Accounts payable and accrued liabilities		(126,152)			41,132
<b>Net cash used in operating activities</b>		<b>(393,513)</b>			<b>(74,190)</b>

**Investing activities**

Purchase of guaranteed investment certificates		(800,000)			(1,000,000)
Proceeds from redemption of guaranteed investment certificates		1,000,000			1,200,000
Proceeds from sale of marketable securities		-			1,375
Interest income		2,644			18,598
<b>Net cash provided by investing activities</b>		<b>202,644</b>			<b>219,973</b>

<b>Net change in cash and cash equivalents and restricted cash</b>		<b>(190,869)</b>			<b>145,783</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>		<b>684,096</b>			<b>102,160</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$</b>	<b>493,227</b>		<b>\$</b>	<b>247,943</b>

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

**Newstrike Resources Ltd.**  
**Condensed Interim Statement of Equity**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Reserves					Deficit	Total
	Share capital	Equity settled share-based payments reserve	Warrant reserve	Available-for-sale revaluation reserve			
<b>Balance, April 1, 2009</b>	\$ 5,365,515	\$ 325,267	\$ -	\$ 12,277	\$ (4,378,650)	\$ 1,324,409	
Net loss and comprehensive loss for the period	-	-	-	26,388	(124,967)	(98,579)	
<b>Balance, June 30, 2009</b>	<b>5,365,515</b>	<b>325,267</b>	<b>-</b>	<b>38,665</b>	<b>(4,503,617)</b>	<b>1,225,830</b>	
Issuance of flow-through common shares	470,000	-	530,000	-	-	1,000,000	
Cost of flow-through common shares issued	(58,907)	-	-	-	-	(58,907)	
Common shares issued for mineral properties	282,900	-	-	-	-	282,900	
Common shares issued on exercise of stock options	30,000	-	-	-	-	30,000	
Fair value of stock options exercised	9,120	(9,120)	-	-	-	-	
Share based payments	-	346,720	-	-	-	346,720	
Net loss and comprehensive loss for the period	-	-	-	(38,665)	(1,242,753)	(1,281,418)	
<b>Balance, March 31, 2010</b>	<b>6,098,628</b>	<b>662,867</b>	<b>530,000</b>	<b>-</b>	<b>(5,746,370)</b>	<b>1,545,125</b>	
Net loss and comprehensive loss for the period	-	-	-	-	(267,839)	(267,839)	
<b>Balance, June 30, 2010</b>	<b>\$ 6,098,628</b>	<b>\$ 662,867</b>	<b>\$ 530,000</b>	<b>\$ -</b>	<b>\$ (6,014,209)</b>	<b>\$ 1,277,286</b>	

The notes to the unaudited condensed interim financial statements are an integral part of these statements.

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# Newstrike Resources Ltd.

## Notes to Condensed Interim Financial Statements

June 30, 2010

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of operations and going concern

Newstrike Resources Ltd. ("the Company" or "Newstrike") was incorporated under the name "New Bliss Resources Ltd." under the laws of the Province of Ontario by Articles of Incorporation dated September 24, 2004. Pursuant to Articles of Amendment dated October 28, 2004, the name of the Company was changed to "Newbliss Resources Ltd.", and pursuant to Articles of Amendment dated January 25, 2005, the name of the Company was further amended to "Newstrike Resources Ltd.". Newstrike is a Canadian exploration company focused on precious and base metals and other minerals exploration in Canada. At the date of these unaudited condensed interim financial statements, the Company has not yet discovered any deposits, nor has it earned any income. The Company's common shares are listed on the TSX Venture Exchange under the symbol NR. The primary office is located at 360 Bay Street, Suite 500, Toronto, Ontario, Canada, M5H, 2V6.

The unaudited condensed interim financial statements were approved by the Board of Directors on August 25, 2010.

Newstrike is at an early stage of development and as is in common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company had a working capital balance of \$1,277,286 at June 30, 2010 (March 31, 2010 - \$1,545,125) and is committed to spending \$501,000 on Canadian exploration expenditures by December 31, 2010 in order to comply with the flow-through shares it issued in fiscal 2010. In view of this, the Company believes it has sufficient funds to finance its current operating and planned exploration expenditures and that it has adequate working capital for at least the next twelve months. The directors therefore consider it appropriate to prepare these unaudited condensed interim financial statements on the going concern basis.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to complete exploration and development of properties is dependent upon successfully raising additional capital.

### 2. Significant accounting policies

#### (a) *Conversion to International Financial Reporting Standards ("IFRS")*

IFRS will replace current Canadian generally accepted accounting principles ("Canadian GAAP") for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011. Early adoption of IFRS is permitted upon receipt of approval from the Ontario Securities Commission. On December 8, 2009, the Ontario Securities Commission granted the Company exemptive relief to adopt IFRS as issued by the International Accounting Standards Board ("IASB") with an adoption date of April 1, 2010 and a transition date of April 1, 2009.

These are the Company's first IFRS unaudited condensed interim financial statements to be presented in accordance with IFRS for the year ending March 31, 2011. IFRS 1 First-Time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from Canadian GAAP to IFRS is explained in note 19.

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). They do not include all of the information required for full annual financial statements.

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**Newstrike Resources Ltd.**  
**Notes to Condensed Interim Financial Statements**  
**June 30, 2010**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**2. Significant accounting policies (continued)**

*(a) Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS") (continued)*

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at April 1, 2009 (note 19) for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1).

*(b) Basis of presentation*

These unaudited condensed interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(m).

*(c) Financial assets*

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Loans and receivables
Restricted cash	Loans and receivables
Guaranteed investment certificates	Loans and receivables
Accounts receivable	Loans and receivables
Marketable securities	Available-for-sale financial assets

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Financial liabilities:	Classification:
Accounts payable and other liabilities	Other financial liabilities

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Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Marketable securities are classified as "available for sale" and are recorded at fair value with unrealized holding gains and losses excluded from the determination of earnings and reported as a separate component of equity as other comprehensive income. The fair value of marketable securities is their quoted bid price at the balance sheet date.

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

June 30, 2010

(Expressed in Canadian Dollars)

(Unaudited)

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## 2. Significant accounting policies (continued)

### (c) Financial assets (continued)

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the condensed statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2010, and March 31, 2010, none of the Company's financial instruments is recorded at fair value on the condensed statement of financial position. As of April 1, 2009, marketable securities are recorded at fair value on the condensed statement of financial position.

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## **Newstrike Resources Ltd.**

### **Notes to Condensed Interim Financial Statements**

**June 30, 2010**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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## **2. Significant accounting policies (continued)**

### *(d) Impairment of non-financial assets*

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

### *(e) Exploration and evaluation expenditures*

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

### *(f) Flow-through shares*

Flow-through shares are a unique Canadian tax incentive. They are the subject of specific guidance under US GAAP, but there is no equivalent IFRS guidance. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors and is then recognized as a future income tax recovery in the period of renunciation if the Company has sufficient unrealized tax losses and deductions.

### *(g) Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and guaranteed investment certificates that are available on demand by the Company for its programs. The Company does not invest in any asset-backed deposits/investments.

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

June 30, 2010

(Expressed in Canadian Dollars)

(Unaudited)

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#### 2. Significant accounting policies (continued)

##### (h) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at June 30, 2010, March 31, 2010 and April 1, 2009.

##### (i) Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

##### (j) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

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## **Newstrike Resources Ltd.**

### **Notes to Condensed Interim Financial Statements**

**June 30, 2010**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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#### **2. Significant accounting policies (continued)**

##### *(k) Restoration, rehabilitation and environmental obligations*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

##### *(l) Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

##### *(m) Significant accounting judgments and estimates*

The preparation of these unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

June 30, 2010

(Expressed in Canadian Dollars)

(Unaudited)

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#### 2. Significant accounting policies (continued)

##### (m) Significant accounting judgments and estimates (continued)

###### Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of accounts receivable that are included in the unaudited condensed interim statements of financial position;
- the recoverability of exploration and evaluation expenditures incurred on the Commodore Gold Property and Misema Project. The Company expenses the exploration and evaluation expenditures in the statement of comprehensive profit or loss;
- the inputs used in accounting for share based payment transactions in profit or loss;
- Management assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period; and
- Management's position that there is no income tax considerations required within these unaudited condensed interim financial statements.

###### Critical accounting judgments

How financial assets and liabilities are categorized is an accounting policy that requires management to make judgments or assessments.

##### (n) Standards and interpretations not yet required to be adopted but adopted by the Company

The amendments to IAS 24, Related Party Disclosures, with effective date for annual periods beginning on or after January 1, 2011, simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government related entities) and clarify the definition of a related party.

##### (o) Future accounting changes

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2010, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 9.

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## **Newstrike Resources Ltd.**

### **Notes to Condensed Interim Financial Statements**

**June 30, 2010**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **3. Exploration and evaluation**

(a) Newstrike entered into the following agreements with respect to the Commodore Gold Property:

On April 17, 2008, the Company entered into an acquisition agreement with Jacques Day, Gerald F. Day, Thomas S. Day, J. David Day, and Blair Day (together, the "Vendors") pursuant to which the Company acquired a 100% legal and beneficial interest in the property to be known as Kirkland Lake East Property, subject to a 2% Net Smelter Royalty ("NSR"). In order to acquire its interest in the property, the Company made a cash payment of \$75,000 and issued an aggregate of 250,000 common shares (valued at \$110,000) in the fiscal year ended March 31, 2009.

On January 15, 2009, the Company and Queenston Mining Inc. ("Queenston") acquired from a third party an option to each acquire an undivided 50% interest (for an aggregate 100% interest as tenants in common) in 36 mineral claims (12 patented claims and 24 unpatented claims) located in the historic Kirkland Lake gold camp ("the Commodore" property). Under terms of the agreement, to earn an aggregate 100% interest in the property, Newstrike and Queenston have each paid the vendor \$100,000 cash. In addition, Newstrike issued 35,000 shares (issued in fiscal 2010 and valued at \$10,500) and Queenston issued 10,000 shares to the vendor. There are no underlying royalties on the property.

On July 8, 2009, Newstrike and Queenston each purchased a 50% interest in 4 additional mineral claims adjoining the Commodore property to the east. Under terms of the purchase Newstrike and Queenston have each paid the vendor \$10,000 cash for a 100% interest in the claims subject to a 2% NSR. The parties retain the right to purchase half of the NSR at any time upon payment of \$1,000,000.

On August 27, 2009, Newstrike and Queenston entered into an addendum to the existing joint venture agreement on the Commodore property. Pursuant to the addendum the following property interests are to be contributed to the Newstrike — Queenston joint venture: (i) Nine patented mineral claims known as the Morris claims to be contributed by Newstrike; and (ii) seven patented mineral claims and four unpatented mineral claims, collectively the Queenston claims, to be contributed by Queenston. As additional consideration for the contribution made to the Commodore joint venture by Queenston, Newstrike issued 600,000 common shares (valued at \$272,400) to Queenston.

(b) Newstrike entered into the following agreements with respect to the Misema Project:

On November 9, 2009, Newstrike entered into an option agreement with Misema Resources Ltd. ("Misema") pursuant to which Newstrike has been granted the option to acquire up to a 50% legal and beneficial interest in eight mining claims located in Gauthier Township, Ontario (collectively, the "Property"). Mr. John Pollock is the President of Newstrike, and also the President of Misema. In order to acquire an initial 20% interest in the Property, Newstrike is required to make a cash payment of \$10,000 (paid) and incur aggregate exploration expenditures on the Property of \$90,000 over a one year period. Upon exercise of its option to earn a 20% interest in the Property, Newstrike may thereafter elect to earn an additional 30% interest in the Property (for an aggregate 50% interest) by incurring an additional \$400,000 in exploration expenditures on the Property over the subsequent two year period.

As of July 8, 2010, the Company received its assay results from the Misema Project. The results were disappointing and as a result, Newstrike has decided to discontinue its earn-in on the Misema Project.

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## **Newstrike Resources Ltd.**

### **Notes to Condensed Interim Financial Statements**

**June 30, 2010**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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#### **4. Capital risk management**

Newstrike manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, other components of equity and accumulated deficit, which at June 30, 2010, totalled \$1,277,286 (March 31, 2010 - \$1,545,125).

This is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fund raisings.

The Company is not subject to any material externally imposed capital requirements or covenants.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the three months ended June 30, 2010.

#### **5. Financial risk management**

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, restricted cash, guaranteed investment certificates, and accounts receivable. Cash and cash equivalents, guaranteed investment certificates and restricted cash are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of June 30, 2010. Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal.

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## **Newstrike Resources Ltd.**

### **Notes to Condensed Interim Financial Statements**

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#### **5. Financial risk management (continued)**

##### **(ii) Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2010, the Company had cash and cash equivalents and guaranteed investment certificates of \$1,278,227 (March 31, 2010 - \$1,670,346) to settle current liabilities of \$30,240 (March 31, 2010 - \$156,392). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company is also committed to spending approximately \$501,000 in Canadian exploration expenditures by December 31, 2010. If the Company does not spend these funds in compliance with the government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfil its flow-through commitment.

##### **(iii) Market risk**

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

###### **(a) Interest rate risk**

The Company has cash balances and non-interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

###### **(b) Foreign currency risk**

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

###### **(c) Commodity and equity price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's comprehensive earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to precious and base metals and other minerals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. A decline in the market price of precious and base metals and other minerals may also require the Company to reduce its mineral resources, which could have a material and adverse effect on its value.

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

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#### 5. Financial risk management (continued)

(iii) Market risk (continued)

(c) Commodity and equity price risk (continued)

As of June 30, 2010, the Company was not a precious minerals, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

#### Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

(i) Cash and cash equivalents and restricted cash are subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss for the three months ended June 30, 2010.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

#### 6. Categories of financial instruments

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	As at June 30, 2010	As at March 31, 2010	As at April 1, 2009
<b>Financial assets:</b>			
Loans and receivables			
Cash and cash equivalents	\$ 478,227	\$ 669,096	\$ 87,160
Guaranteed investment certificates	800,000	1,001,250	1,225,341
Accounts receivable	11,775	12,418	1,260
Restricted cash	15,000	15,000	15,000
Available-for-sale financial assets			
Marketable securities	-	-	13,302
<b>Financial liabilities:</b>			
Other financial liabilities			
Accounts payable and other liabilities	30,240	156,392	35,097

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As of June 30, 2010 and March 31, 2010, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

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**Newstrike Resources Ltd.****Notes to Condensed Interim Financial Statements****June 30, 2010****(Expressed in Canadian Dollars)****(Unaudited)**

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**7. Cash position**

	<b>As at June 30, 2010</b>	<b>As at March 31, 2010</b>	<b>As at April 1, 2009</b>
Cash	\$ 478,227	\$ 669,096	\$ 87,160
Cash and cash equivalents	478,227	669,096	87,160
Restricted cash (a)	15,000	15,000	15,000
Total Cash position	\$ 493,227	\$ 684,096	\$ 102,160

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(a) Prior to commencement of exploration and development of the Jean Property in British Columbia, the Company was required to post a reclamation deposit, which may be refunded upon completion of reclamation and remediation to the satisfaction of the applicable government authority. As at June 30, 2010, the Company has posted a reclamation deposit of \$15,000 (March 31, 2010 - \$15,000) in British Columbia. Operations with respect to this property were terminated in a prior period and management is actively pursuing the recovery of the outstanding reclamation deposit.

**8. Accounts receivable and other assets**

	<b>As at June 30, 2010</b>	<b>As at March 31, 2010</b>	<b>As at April 1, 2009</b>
Sales tax receivable - (Canada)	\$ 11,775	\$ 12,418	\$ 1,260
Prepaid expenses	2,524	3,753	17,443
	\$ 14,299	\$ 16,171	\$ 18,703

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**9. Amounts payable and other liabilities**

	<b>As at June 30, 2010</b>	<b>As at March 31, 2010</b>	<b>As at April 1, 2009</b>
Falling due within the year			
Trade payables	\$ 30,240	\$ 156,392	\$ 35,097

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

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#### 10. Share capital

##### a) Authorized share capital

At June 30, 2010, the authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

##### b) Common shares issued

At June 30, 2010, the issued share capital amounted to \$6,098,628. The change in issued share capital for the periods was as follows:

	Number of common shares	Amount
Balance, March 31, 2010 and June 30, 2010	18,489,966	\$ 6,098,628

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#### 11. Stock options

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Stock options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statement of loss and comprehensive loss using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historic traded daily closing share price at the date of issue.

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

The following table reflects the continuity of stock options for the period ended June 30, 2010:

	Number of stock options	Weighted average exercise price (\$)
Balance, March 31, 2010	1,805,000	0.72
Balance, June 30, 2010	1,805,000	0.72

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

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#### 11. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2010:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Number of Options Unvested
May 29, 2012	0.69	1.91	100,000	100,000	-
September 4, 2012	0.90	2.18	825,000	825,000	-
November 27, 2014	0.55	4.41	880,000	880,000	-
		3.25	1,805,000	1,805,000	-

#### 12. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended June 30, 2010 and 2009 was based on the loss attributable to common shareholders of \$267,839 (three months ended June 30, 2009 - \$124,967) and the weighted average number of common shares outstanding of 18,489,966 (three months ended June 30, 2009 - 16,068,300). Diluted loss per share did not include the effect of 1,805,000 share purchase options and 1,666,666 warrants as they are anti-dilutive.

#### 13. Warrants

The following table reflects the continuity of warrants for the period ended June 30, 2010:

	Number of warrants	Weighted average exercise price (\$)
Balance, March 31, 2010	1,666,666	0.75
Balance, June 30, 2010 <sup>(1)</sup>	1,666,666	0.75

<sup>(1)</sup> Each such warrant entitling the holder thereof to acquire one additional common share of the Company (which shall not be a flow-through share) for a period of 24 months (October 19, 2011) at an exercise price of \$0.75 per share.

#### 14. Exploration expenditures

Exploration activities (a)(b)	Three Months Ended June 30,	
	2010	2009
	\$ 222,531	\$ 80,516

(a) During the three months ended June 30, 2010, the Company's share of exploration expenditures on the Commodore Gold Property was \$168,044 (three months ended June 30, 2009 - \$80,516). Total cumulative exploration activities incurred on the Commodore Gold Property to June 30, 2010 amounted to \$1,579,115 (March 31, 2010 - \$1,411,071).

(b) During the three months ended June 30, 2010, Company's share of exploration expenditures on the Misema Project was \$54,487 (three months ended June 30, 2009 - \$nil). Total cumulative exploration activities incurred on the Misema Project to June 30, 2010 amounted to \$69,552 (March 31, 2010 - \$15,065).

## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

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#### 15. General and administrative

	Three Months Ended June 30,	
	2010	2009
Salaries and benefits (Note 16(b))	\$ 1,000	\$ 1,600
Administrative and general	6,042	5,083
Professional fees	10,980	9,205
Reporting issuer costs	4,580	4,418
Consulting	15,500	13,500
Flow-through interest	8,600	4,300
	<b>\$ 46,702</b>	<b>\$ 38,106</b>

#### 16. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) Newstrike entered into the following transactions with related parties:

	Notes	Three Months Ended June 30,	
		2010	2009
Marrelli CFO Outsource Syndicate Inc. ("Marrelli")	(i)	\$ 4,500	\$ 4,500
Marrelli Support Services Inc. ("MSSI")	(ii)(iii)	5,730	5,505
DSA Corporate Services Inc.	(iv)	2,250	2,250
John A. Pollock	(v)	-	2,000
Donald T. Rankin	(vi)	11,000	9,000
D & R Filing Corp.	(iv)	3,230	3,390

(i) The Chief Financial Officer ("CFO") of Newstrike is the president of Marrelli. Fees related to the CFO function performed.

(ii) The CFO of Newstrike is the president of MSSI. Fees related to accounting services provided by MSSI.

(iii) As at June 30, 2010, MSSI was owed \$2,000 (March 31, 2010 - \$1,922) and this amount was included in accounts payable and accrued liabilities.

(iv) The CFO of Newstrike is an officer of DSA Corporate Services Inc. ("DSA") and D & R Filing Corp. ("D&R Filing"). Fees related to corporate secretarial services provided by DSA and filing services provided by D & R Filing. As at June 30, 2010, DSA was owed \$750 (March 31, 2010 - \$832) and D & R Filing was owed \$3,402 (March 31, 2010 - \$158) and these amounts were included in accounts payable and accrued liabilities.

(v) For services as consultant to the Company. Fees related to geological consulting services. John A. Pollock is the Chief Executive Officer of the Company.

(vi) For services as consultant to the Company. Fees related to administrative services. Donald T. Rankin is a director of the Company.

(vii) For filing services.

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# Newstrike Resources Ltd.

## Notes to Condensed Interim Financial Statements

June 30, 2010

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### 16. Related party balances and transactions (continued)

(b) Remuneration of Directors and key management of the Company was as follows:

	Three Months Ended June 30,	
	2010	2009
Salaries and benefits <sup>(1)</sup>	\$ 1,000	\$ 1,600

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<sup>(1)</sup> The Company has no employees. Salaries and benefits include director fees. The Board of Directors does not have employment or service contracts with the Company. They are entitled to director fees and stock options for their services.

### 17. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim financial statements also represent segment amounts.

### 18. Contingencies and commitments

(a) As at June 30, 2010 the Company is committed to spending \$501,000 on Canadian exploration expenditures by December 31, 2010 in order to comply with the flow-through shares it has issued.

(b) The Company is committed to future minimum lease payments under operating leases as follows:

2011	\$ 11,250
2012	2,500
	<hr/>
	\$ 13,750

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### 19. Conversion to IFRS

(i) *Overview*

IFRS will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Ontario Securities Commission. The Company received approval from the Ontario Securities Commission to early adopt IFRS beginning with its 2011 interim and annual financial periods.

These are the Company's first unaudited condensed interim financial statements prepared in accordance with IAS 34, using accounting policies consistent with IFRS.

The accounting policies described in note 2 have been selected to be consistent with IFRS as is expected to be effective or available for early adoption on March 31, 2011, the Company's first annual IFRS reporting date. These policies have been applied in the preparation of these unaudited condensed interim financial statements, including all comparative information.

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

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#### 19. Conversion to IFRS (continued)

##### (ii) *First-time adoption of IFRS*

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at April 1, 2009, the Company's "Transition Date".

- To apply IFRS 2 Share based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IAS 23 Borrowing Costs prospectively from the transition date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited condensed interim statements of financial position in these financial statements.

##### (iii) *Changes to accounting policies*

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available for early adoption on March 31, 2011, the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

##### (a) Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There is no impact on the unaudited condensed interim financial statements.

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

June 30, 2010

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#### 19. Conversion to IFRS (continued)

(iii) *Changes to accounting policies (continued)*

##### (b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed interim financial statements.

##### (c) Exploration and evaluation

On transition to IFRS, the Company elected to expense exploration and evaluation expenditures as incurred. Previously, the Company's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred.

#### Impact on Condensed Interim Statements of Financial Position

	As at March 31, 2010	As at June 30, 2009	As at April 1, 2009
Adjustment to mineral resource properties	\$ (1,426,136)	\$ (634,171)	\$ (553,655)
Adjustment to deficit	\$ (1,426,136)	\$ (634,171)	\$ (553,655)

#### Impact on Condensed Interim Statements of Loss and Comprehensive Loss

	Year ended March 31, 2010	Three months ended June 30, 2009
Adjustment to exploration expenditures	\$ 872,481	\$ 80,516
Adjustment to comprehensive loss	\$ 872,481	\$ 80,516

#### Impact on Condensed Interim Statements of Cash Flows

	Year ended March 31, 2010	Three months ended June 30, 2009
Adjustment to comprehensive loss	\$ (872,481)	\$ (80,516)
Shares issued for property acquisitions	\$ 282,900	\$ -
Accounts payable and accrued liabilities	\$ 135,177	\$ -
Mineral resource properties and exploration expenditures	\$ 454,404	\$ 80,516

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## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

June 30, 2010

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#### 19. Conversion to IFRS (continued)

(iii) *Changes to accounting policies (continued)*

(d) Flow-through shares

On transition to IFRS, the Company elected to follow US GAAP whereby flow-through proceeds should be allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors and is then recognized as a future income tax recovery in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance.

Previously, the Company's Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow through shares. This resulted in the Company reducing the net proceeds of the flow through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration and development expenditures in favour of the flow through share subscribers. This future income tax liability was calculated net of any benefit resulting from unrecorded income tax loss carry forwards and income tax pools in excess of the accounting value available for deduction.

#### Impact on Condensed Interim Statements of Financial Position

	As at March 31, 2010	As at June 30, 2009	As at April 1, 2009
Adjustment to share capital	\$ 916,364	\$ 670,531	\$ 670,531
Adjustment to deficit	\$ (916,364)	\$ (670,531)	\$ (670,531)

#### Impact on Condensed Interim Statements of Loss and Comprehensive Loss

	Year ended March 31, 2010	Three months ended June 30, 2009
Adjustment to future income tax recovery	\$ 245,833	\$ -
Adjustment to comprehensive loss	\$ 245,833	\$ -

(iv) *Presentation*

Certain amounts in the unaudited condensed interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

# Newstrike Resources Ltd.

## Notes to Condensed Interim Financial Statements

June 30, 2010

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### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP*

The April 1, 2009 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	<b>April 1, 2009</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 87,160	\$ -	\$ 87,160
Restricted cash	15,000	-	15,000
Guaranteed investment certificates	1,225,341	-	1,225,341
Marketable securities	13,302	-	13,302
Accounts receivable and other assets	18,703	-	18,703
	1,359,506	-	1,359,506
Mineral resource properties (note 19(iii)(c))	553,655	(553,655)	-
	\$ 1,913,161	\$ (553,655)	\$ 1,359,506
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities	\$ 35,097	\$ -	\$ 35,097
<b>Capital and reserves</b>			
Share capital (note 19(iii)(d))	4,694,984	670,531	5,365,515
Reserves	337,544	-	337,544
Deficit (note 19(iii)(c)(d))	(3,154,464)	(1,224,186)	(4,378,650)
<b>Total equity</b>	1,878,064	(553,655)	1,324,409
<b>Total equity and liabilities</b>	\$ 1,913,161	\$ (553,655)	\$ 1,359,506

# Newstrike Resources Ltd.

## Notes to Condensed Interim Financial Statements

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### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The June 30, 2009 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	<b>June 30, 2009</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 232,943	\$ -	\$ 232,943
Restricted cash	15,000	-	15,000
Guaranteed investment certificates	1,000,048	-	1,000,048
Marketable securities	38,665	-	38,665
Accounts receivable and other assets	15,403	-	15,403
	1,302,059	-	1,302,059
Mineral resource properties (note 19(iii)(c))	634,171	(634,171)	-
	\$ 1,936,230	\$ (634,171)	\$ 1,302,059
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities	\$ 76,229	\$ -	\$ 76,229
<b>Capital and reserves</b>			
Share capital (note 19(iii)(d))	4,694,984	670,531	5,365,515
Reserves	363,932	-	363,932
Deficit (note 19(iii)(c)(d))	(3,198,915)	(1,304,702)	(4,503,617)
<b>Total equity</b>	1,860,001	(634,171)	1,225,830
<b>Total equity and liabilities</b>	\$ 1,936,230	\$ (634,171)	\$ 1,302,059

# Newstrike Resources Ltd.

## Notes to Condensed Interim Financial Statements

June 30, 2010

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### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The March 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	<b>March 31, 2010</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 669,096	\$ -	\$ 669,096
Restricted cash	15,000	-	15,000
Guaranteed investment certificates	1,001,250	-	1,001,250
Accounts receivable and other assets	16,171	-	16,171
	<u>1,701,517</u>	<u>-</u>	<u>1,701,517</u>
Mineral resource properties (note 19(iii)(c))	1,426,136	(1,426,136)	-
	<u>\$ 3,127,653</u>	<u>\$ (1,426,136)</u>	<u>\$ 1,701,517</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities	\$ 156,392	\$ -	\$ 156,392
<b>Capital and reserves</b>			
Share capital (note 19(iii)(d))	5,182,264	916,364	6,098,628
Reserves	1,192,867	-	1,192,867
Deficit (note 19(iii)(c)(d))	(3,403,870)	(2,342,500)	(5,746,370)
<b>Total equity</b>	<u>2,971,261</u>	<u>(1,426,136)</u>	<u>1,545,125</u>
<b>Total equity and liabilities</b>	<u>\$ 3,127,653</u>	<u>\$ (1,426,136)</u>	<u>\$ 1,701,517</u>

## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

June 30, 2010

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#### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The Canadian GAAP interim statement of loss and comprehensive loss for the three month period ended June 30, 2009 has been reconciled to IFRS as follows:

	<b>Three months ended June 30, 2009</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>Expenses</b>			
Exploration expenditures (note 19(iii)(c))	\$ -	\$ 80,516	\$ 80,516
General and administrative	38,106	-	38,106
<b>Operating loss before the following items</b>	<b>(38,106)</b>	<b>(80,516)</b>	<b>(118,622)</b>
Interest expense	(6,695)	-	(6,695)
Gain on sale of marketable securities	350	-	350
<b>Net loss for the period</b>	<b>\$ (44,451)</b>	<b>\$ (80,516)</b>	<b>\$ (124,967)</b>
<b>Other comprehensive income</b>			
Unrealized gain on marketable securities	\$ 26,363	\$ -	\$ 26,363
Reclassification of unrealized loss on disposal of marketable securities	25	-	25
<b>Other comprehensive income</b>	<b>\$ 26,388</b>	<b>\$ -</b>	<b>\$ 26,388</b>
<b>Total comprehensive loss</b>	<b>\$ (18,063)</b>	<b>\$ (80,516)</b>	<b>\$ (98,579)</b>

The Canadian GAAP statement of loss and comprehensive loss for the year ended March 31, 2010 has been reconciled to IFRS as follows:

	<b>Year ended March 31, 2010</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>Expenses</b>			
Exploration expenditures (note 19(iii)(c))	\$ -	\$ 872,481	\$ 872,481
General and administrative	555,467	-	555,467
<b>Operating loss before the following items</b>	<b>(555,467)</b>	<b>(872,481)</b>	<b>(1,427,948)</b>
Interest expense	(5,431)	-	(5,431)
Gain on sale of marketable securities	65,659	-	65,659
<b>Loss before recovery of income taxes</b>	<b>(495,239)</b>	<b>(872,481)</b>	<b>(1,367,720)</b>
Future income tax recovery (note 19(iii)(d))	(245,833)	245,833	-
<b>Net loss for the period</b>	<b>\$ (249,406)</b>	<b>\$ (1,118,314)</b>	<b>\$ (1,367,720)</b>
<b>Other comprehensive income</b>			
Reclassification of net unrealized gains on disposal of marketable securities	\$ (12,277)	\$ -	\$ (12,277)
<b>Other comprehensive income</b>	<b>\$ (12,277)</b>	<b>\$ -</b>	<b>\$ (12,277)</b>
<b>Total comprehensive loss</b>	<b>\$ (261,683)</b>	<b>\$ (1,118,314)</b>	<b>\$ (1,379,997)</b>

## Newstrike Resources Ltd.

### Notes to Condensed Interim Financial Statements

June 30, 2010

(Expressed in Canadian Dollars)

(Unaudited)

#### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The Canadian GAAP interim statement of cash flows for the three months ended June 30, 2009 has been reconciled to IFRS as follows:

	<b>Three months ended June 30, 2009</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>Operating</b>			
<b>Net loss</b>	\$ (44,451)	\$ (80,516) <sup>(1)</sup>	\$ (124,967)
Adjustment for:			
Interest expense	6,695	-	6,695
Gain on sale of marketable securities	(350)	-	(350)
Non-cash working capital items:			
Accounts receivable and other assets	3,300	-	3,300
Accounts payable and accrued liabilities	41,132	-	41,132
<b>Net cash provided by (used in) operating activities</b>	<b>6,326</b>	<b>(80,516)</b>	<b>(74,190)</b>
<b>Investing activities</b>			
Purchases of guaranteed investment certificates	(1,000,000)	-	(1,000,000)
Proceeds from redemption of guaranteed investment certificates	1,200,000	-	1,200,000
Proceeds from sale of marketable securities	1,375	-	1,375
Interest income	18,598	-	18,598
Mineral resource properties and exploration expenditures (note 19(iii)(c))	(80,516)	80,516	-
<b>Net cash provided by investing activities</b>	<b>139,457</b>	<b>80,516</b>	<b>219,973</b>
<b>Net change in cash and cash equivalents and restricted cash</b>	<b>145,783</b>	<b>-</b>	<b>145,783</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>102,160</b>	<b>-</b>	<b>102,160</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 247,943</b>	<b>\$ -</b>	<b>\$ 247,943</b>

<sup>(1)</sup> Refer to Canadian GAAP statement of interim comprehensive loss for the three month period ended June 30, 2009 reconciled to IFRS in note 19(v) above.

# Newstrike Resources Ltd.

## Notes to Condensed Interim Financial Statements

June 30, 2010

(Expressed in Canadian Dollars)

(Unaudited)

### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The Canadian GAAP statement of cash flows for the year ended March 31, 2010 has been reconciled to IFRS as follows:

	Year ended March 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Operating</b>			
<b>Net loss</b>	\$ (249,406)	\$ (1,118,314) <sup>(1)</sup>	\$ (1,367,720)
Adjustment for:			
Share based payments	346,720	-	346,720
Shares issued for property acquisitions (note 19(iii)(c))	-	282,900	282,900
Interest expense	5,431	-	5,431
Gain on sale of marketable securities	(65,659)	-	(65,659)
Future income tax recovery (note 19(iii)(d))	(245,833)	245,833	-
Non-cash working capital items:			
Accounts receivable and other assets	2,532	-	2,532
Accounts payable and accrued liabilities (note 19(iii)(c))	(13,882)	135,177	121,295
<b>Net cash used in operating activities</b>	<b>(220,097)</b>	<b>(454,404)</b>	<b>(674,501)</b>
<b>Investing activities</b>			
Purchases of guaranteed investment certificates	(1,000,000)	-	(1,000,000)
Proceeds from redemption of guaranteed investment certificates	1,200,000	-	1,200,000
Proceeds from sale of marketable securities	66,684	-	66,684
Interest income	18,660	-	18,660
Mineral resource properties and exploration expenditures (note 19(iii)(c))	(454,404)	454,404	-
<b>Net cash (used in) provided by investing activities</b>	<b>(169,060)</b>	<b>454,404</b>	<b>285,344</b>
<b>Financing activities</b>			
Issue of common shares	1,000,000	-	1,000,000
Share issue costs	(58,907)	-	(58,907)
Proceeds from exercise of stock options	30,000	-	30,000
<b>Net cash provided by financing activities</b>	<b>971,093</b>	<b>-</b>	<b>971,093</b>
<b>Net change in cash and cash equivalents and restricted cash</b>	<b>581,936</b>	<b>-</b>	<b>581,936</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>102,160</b>	<b>-</b>	<b>102,160</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 684,096</b>	<b>\$ -</b>	<b>\$ 684,096</b>

<sup>(1)</sup> Refer to Canadian GAAP statement of interim comprehensive loss for the year ended March 31, 2010 reconciled to IFRS in note 19(v) above.