

# **Jiminex Inc.**

**Unaudited Financial Statements**

**For the Three Months Ended January 31, 2011**

# Jiminex Inc.

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## Balance Sheets

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<b>As at</b>	<b>Note</b>	<b>January 31, 2011 (Unaudited)</b>	<b>October 31, 2010 (Audited)</b>
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 2,122,417	\$ 962,405
Sundry receivable		173,164	101,440
		<b>2,295,581</b>	1,063,845
Mineral properties	3	2,013,003	1,119,952
Capital assets	4	14,725	15,731
		<b>\$ 4,323,309</b>	\$ 2,199,528

## Liabilities

<b>Current</b>			
Accounts payable and accrued liabilities		\$ 317,090	\$ 218,170
Future tax liability		246,595	27,750
		<b>563,685</b>	245,920

## Shareholders' Equity

Capital stock	5	2,621,275	1,599,116
Contributed surplus		1,869,832	1,056,566
Deficit		(731,483)	(702,074)
		<b>3,759,624</b>	1,953,608
		<b>\$ 4,323,309</b>	\$ 2,199,528

*Going Concern (Note 1)*  
*Commitments (Note 3)*

Approved by the Board \_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes.

# Jiminex Inc.

## Statements of Operations, Comprehensive Loss and Deficit

<b>For the Three Month Period Ended January 31,</b>	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b>Expenses</b>			
Professional fees		\$ 55,691	\$ 65,277
Office and general		72,388	51,017
Non-cash compensation		20,483	-
Amortization		1,005	97
<b>Operating loss</b>		<b>149,567</b>	<b>116,391</b>
Interest income		1,103	15
<b>Loss before tax</b>		<b>148,464</b>	<b>116,376</b>
Future tax recovery		(119,055)	(90,000)
<b>Net Loss and Comprehensive Loss</b>		<b>(29,409)</b>	<b>(26,376)</b>
<b>Deficit, at beginning of period</b>		<b>(702,074)</b>	<b>(377,442)</b>
<b>Deficit, at end of period</b>		<b>\$ (731,483)</b>	<b>\$ (403,818)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Basic and diluted weighted average common share outstanding</b>		<b>36,513,911</b>	<b>18,459,724</b>

See accompanying notes.

# Jiminex Inc.

## Statements of Cash Flows

<b>For the Period Ended January 31,</b>	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (29,409)	\$ (26,375)
Add items not affecting cash		
Non-cash compensation	20,483	-
Amortization	1,005	97
Future tax recovery	(119,055)	(90,000)
	<b>(126,976)</b>	<b>(116,278)</b>
Changes in non-cash working capital items		
Accounts payable and accrued liabilities	317,074	(83,238)
Sundry receivable	(71,724)	-
	<b>118,374</b>	<b>(199,516)</b>
<b>Cash flows from financing activities</b>		
Issuance of capital stock	2,056,989	1,656,272
Share issuance costs	(122,300)	(181,577)
	<b>1,934,689</b>	<b>1,474,695</b>
<b>Cash flows to investing activities</b>		
Investment in capital assets	-	-
Investment in exploration property	(893,051)	(192,740)
	<b>(893,051)</b>	<b>(192,740)</b>
<b>Increase (decrease) in cash during the year</b>	<b>1,160,012</b>	<b>1,082,439</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>962,405</b>	<b>431,298</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,122,417</b>	<b>\$ 1,513,737</b>
<b>Supplemental information</b>		
Interest received	\$ 1,103	\$ 15
Interest paid	-	-
Interest Taxes paid	-	-

See accompanying notes.

# Jiminex Inc.

## Notes to Financial Statements

January 31, 2011

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Jiminex Inc. (the "Company") was incorporated on August 1, 2007 pursuant to the Canada Business Corporations Act and was classified as a capital pool company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On August 26, 2009, the Company acquired the Northern Eagle Properties (Note 3) and this transaction was the Company's qualifying transaction. As such, the Company is now engaged in the exploration of base metals and precious metals. All interests held are currently in the exploration stage.

The Company's principal assets are mining claims and deferred exploration costs relating to properties which are not in commercial projects. The Company is in the process of exploring its mining claims and has not yet determined whether or not the properties will contain economically recoverable reserves.

As is common with exploration companies, the Company is dependent upon obtaining equity financings to fund future exploration expenditures and cover administrative costs. Subsequent to the year end the Company completed equity financings. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain or complete the exploration of its property interests. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles within the framework of the significant accounting policies described below:

#### **Share Issuance Costs**

Costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consists of cash in the bank and highly liquid investments with maturities of three months or less at the time of purchase.

#### **Loss Per Share**

Basic loss per share is calculated by dividing net loss for the year by the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period.

# Jiminex Inc.

## Notes to Financial Statements

January 31, 2011

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Stock-Based Compensation

The Company applies a fair value based method of accounting to all stock-based payments. Employee and director stock options are measured at their fair value on the grant date and recognized over the vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as compensation expense. Broker warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. On the exercise of stock options and broker warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based compensation and broker warrants.

### Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Areas requiring significant estimates by management are stock-based compensation, future income taxes, accrued liabilities and impairment, if any, on mineral properties and deferred exploration costs. Actual results could differ from those estimates.

### Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

### Mineral Properties

All direct costs related to the acquisition and exploration and development of specific properties are capitalized as incurred. If a property is brought into production, these costs will be amortized against the income generated from the property. If a property is abandoned, sold or impaired, an appropriate charge will be made. Discretionary option payments arising on the acquisition of mining properties are only recognized when paid. Amounts received from other parties to earn an interest in the Company's mining properties are applied as a reduction of the mining property and deferred exploration costs, except for administrative reimbursements which are credited to operations.

# Jiminex Inc.

Notes to Financial Statements  
January 31, 2011

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Mineral Properties (Cont'd)

The amounts shown for mining claims and related deferred costs represent costs incurred to date, less amounts expensed and reimbursements, and do not necessarily reflect present or future values of the particular properties. The recoverability of these costs is dependent upon discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

- **Impairment**

Management reviews the carrying values of mining property acquisition and deferred exploration expenditures to assess whether there has been any impairment in value, whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. In the event that management determines the carrying values of any mining property to be permanently impaired, the carrying value will be written down or written off, as appropriate. Management considers the guidance in EIC-174 Mining Exploration Costs when determining whether or not its mining properties are impaired.

- **Title**

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

### Future Income Taxes and Flow-Through Shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation by the Company of the related resource expenditures. When resource expenditures are renounced to the subscribers of flow through shares and the Company has reasonable assurance that the expenditures will be completed, a resultant future income tax liability is recognized, with a corresponding reduction in capital stock.

If the Company has sufficient unused tax losses and deductions ("losses") and no future income tax assets have been previously recognized on such losses, such future income tax assets are recognized to the extent that the future income tax liabilities relating to the renunciation of expenditures to subscribers of flow through shares are expected to reverse in the loss carry forward period.

### Capital Assets

Capital assets are recorded at cost and are amortized over the estimated useful lives at the following annual rates:

Computer equipment	- 30%, declining balance basis
Equipment	- 20%, declining balance basis
Vehicle	- 30%, declining balance basis

# Jiminex Inc.

Notes to Financial Statements  
January 31, 2011

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held-to-maturity, loans and receivables, held for trading, available-for-sale or other liabilities.

### Financial Assets

Held for trading assets are subsequently measured at fair value with the change in the fair value recognized in net income.

Held-to-maturity assets are subsequently measured at amortized cost using the effective interest rate method.

Loans and receivables are subsequently measured at amortized cost using the effective interest rate method.

Available-for-sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income.

### Financial Liabilities

Other liabilities are subsequently measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Sundry receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

### Comprehensive Income

Comprehensive income measures net earnings for the period plus other comprehensive income. Other comprehensive income consists of changes to unrealized gains and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. To date there has not been any other comprehensive income.

# Jiminex Inc.

Notes to Financial Statements  
January 31, 2011

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Recent Accounting Pronouncements

#### Adoption of International Financial Reporting Standards

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has confirmed that International Financial Reporting Standards (“IFRS”) will replace current Canadian GAAP for fiscal years beginning on or after January 1, 2011, for publicly accountable enterprises. The Company has begun the planning and scoping phase of the transition to IFRS and intends to transition to IFRS financial statements during fiscal 2011. While the Company has begun assessing the adoption of IFRS for fiscal 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

#### Business Combinations

CICA Handbook Section 1582 Business Combinations replaces corresponding Section 1581 and establishes new standards for the accounting for business combinations. The new standard requires that the acquisition method (formerly, the purchase method) continue to be applied to business combinations, the acquirer recognize and measure the acquiree as a whole, and the assets and liabilities assumed be recognized and measured at their fair values as of the acquisition date. Section 1582 provides the Canadian equivalent to International Financial Reporting Standard (IFRS) 3 Business Combinations. This standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011

#### Non Controlling Interest

In January 2009, the CICA issued Handbook Section 1601, “Consolidated Financial Statements”, and Handbook Section 1602, “Non-Controlling Interests”, which together replace Handbook Section 1600, “Consolidated Financial Statements”. These two sections are equivalent to the corresponding provisions of International Accounting Standard 27, Consolidated and Separate Financial Statements (January 2008). Handbook Section 1602 applies to the accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. The new sections require that, for each business combination, the acquirer measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. The new sections also require non-controlling interests to be presented as a separate component of shareholders’ equity.

Under Handbook Section 1602, non-controlling interest income is not deducted in arriving at consolidated net income or other comprehensive income. Rather, net income and each component of other comprehensive income are allocated to the controlling and non-controlling interest based on relative ownership interests. These sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, and should be adopted concurrently with Section 1582. Management has determined that the adoption of these sections will have no impact on its financial statements

# Jiminex Inc.

Notes to Financial Statements  
January 31, 2011

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## 3. MINERAL PROPERTIES

	Northern Eagle (i)	Misehkow (ii)	Parres (iii)	Total
<b>October 31, 2009</b>	<b>\$166,214</b>	<b>\$203,137</b>	<b>\$24,547</b>	<b>\$393,898</b>
Acquisition costs	-	10,000	10,000	20,000
Exploration expense	282,039	92,444	433,384	807,867
Write down	-	(101,812)	-	(101,812)
<b>October 31, 2010</b>	<b>\$448,253</b>	<b>\$203,769</b>	<b>\$467,931</b>	<b>\$1,119,953</b>
Exploration expense	519,839	18,052	355,160	893,051
<b>January 31, 2011</b>	<b>\$968,092</b>	<b>\$221,820</b>	<b>\$823,091</b>	<b>\$2,013,003</b>

### (i) Northern Eagle Property

Pursuant to a letter of intent dated April 17, 2009 and a signed agreement, the Company acquired an option to earn an undivided 50% interest in the mineral properties comprising Beaufield's Northern Eagle Gold property located in the Hemlo gold mining area situated east of Marathon, Ontario. Consideration paid to acquire the interest consisted of a cash payment of \$10,000 and the issuance of 900,000 shares (valued at \$0.10 per share) of the Company.

Pursuant to the agreement, the Company is required to incur a total of \$1,300,000 in exploration expenditures as follows:

- \$300,000 to be incurred on or before October 31, 2010;
- an additional \$400,000 to be incurred on or before August 27, 2011, and,
- an additional \$600,000 to be incurred on or before August 27, 2012.

As at the three-month period ending January 31, 2011, the Company is in compliance with the requirements above.

### (ii) Misehkow Property

Pursuant to a property acquisition agreement dated October 26, 2009, as amended, the Company acquired a 100% interest in 21 mining claims in the Patricia Mining Division. Consideration to acquire the interest consists of a one-time payment of \$54,000, the issuance of 100,000 common shares (valued at \$0.10 per share), a 2% net smelter royalty ("NSR") on certain claims of which 1% can be purchased for \$1,000,000 and a 1% NSR on the remaining claims of which 1/2% can be purchased for \$500,000.

This property was purchased from James R.B. Parres, the President of the Company, and S. Stares and M. Stares, officers of the Company. This transaction was recorded at the exchange amount.

During the year ended October 31, 2010, \$101,812 in acquisition costs and deferred exploration costs related to certain claims were written off as a result of management's development plans and other operational factors. The write-down was recorded as a charge to the income statement and reduction in mineral properties.

# Jiminex Inc.

Notes to Financial Statements  
January 31, 2011

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### 3. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Cont'd)

#### (ii) Misehgow Property (Cont'd)

On June 3, 2010, the Company entered into a Letter of Intent (“LOI”) option agreement with Rivercrest Resources Inc. (“Rivercrest”). This LOI option agreement grants Rivercrest the right to earn up to fifty percent (50%) interest of Misehgow River Gold property subject to a 3% net smelter return. Rivercrest will acquire 37.5% when it has made a total of \$300,000 cash payments, issued 1,000,000 common shares and expended a total of \$3,000,000 on exploration, in accordance with a set payment schedule. The remaining 12.5% ownership can be earned by Rivercrest making a final payment of \$100,000 cash and expending \$1,500,000, bringing Rivercrest up to a 50% ownership in the Misehgow River property. On July 22, 2010, a payment of \$50,000 from Rivercrest was received and was recorded as a reduction in mineral properties. On September 1, 2010, Rivercrest defaulted on a second payment of \$50,000. As a result of the default, the LOI is considered void and nullified.

#### (iii) Parres Property

Pursuant to a property acquisition agreement dated October 28, 2009, as amended, the Company acquired a 100% interest in 27 mining claims in the Snow Lake - Wekusko Lake area in Northern Manitoba. Consideration to acquire the interest consists of a one-time payment of \$6,000, the issuance of 100,000 common shares (valued at \$0.10 per share) and a 2% NSR on the remaining claims of which 1% can be purchased for \$1,000,000.

This property was purchased from James R.B Parres, the President of the Company. This transaction was recorded at exchange amount.

### 4. CAPITAL ASSETS

	January 31, 2011			October 31, 2010		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Computer						
Equipment	\$ 821	\$ 505	\$ 316	\$ 821	\$ 479	\$ 342
Equipment	8,371	1,738	6,633	8,371	1,389	6,982
Vehicle	9,890	2,114	7,776	9,890	1,483	8,407
	<b>\$ 19,082</b>	<b>\$ 4,357</b>	<b>\$ 14,725</b>	<b>\$ 19,082</b>	<b>\$ 3,351</b>	<b>\$ 15,731</b>

# Jiminex Inc.

## Notes to Financial Statements January 31, 2011

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### 5. CAPITAL STOCK

#### Common Shares

<b>Balance as of October 31, 2010</b>	<b>28,510,116</b>	<b>\$ 1,599,116</b>
Issued for cash pursuant to private placement (i)	8,290,000	1,876,000
Share issuance costs	-	(122,300)
Value assigned to warrants	-	(940,128)
Stock options and Warrants exercised	2,426,762	546,487
Less: renunciation of flow-through shares	-	(337,900)
<b>Balance as of January 31, 2011</b>	<b>39,226,878</b>	<b>\$ 2,621,275</b>

- (i) On November 20, 2010, the Company has successfully privately placed 3,930,000 Non Flow Through Units ("NFT Units") at \$0.20 per NFT Unit and 4,360,000 Flow Through Units ("FT Units") at \$0.25 per FT Unit for gross proceeds of \$1,876,000. Each NFT Unit consists of one common share ("Common Share") and one common share purchase warrant ("Warrant") of the Company. Each Warrant will entitle the holder to acquire one Common Share for a period of two years from the date of issuance at an exercise price of \$0.30 per Common Share. Each FT Unit consists of one flow through Common Share and one-half of a Warrant. The Warrants issued in connection with this offering are non-transferable and may be redeemed by the Company if the Common Shares trade at a specified premium to the exercise price. The securities issued pursuant to this private placement will be subject to a four month hold period which expires on March 20, 2011. The Company has agreed to pay cash finder's fees totaling \$111,800 and issue 665,000 Finder's Warrants. Each Finder's Warrant entitles the holder to acquire one NFT Unit of the Company at a price of \$0.20 per NFT for a period of two years from the date of issuance.

#### Escrowed Shares

As of January 31, 2011, there are 3,060,000 common shares of Founders' & Seed Capital remaining in escrow, which are due to release in tranches of 765,000 shares on February 26, 2011, August 26, 2011, February 26, 2012 and August 26, 2012 respectively.

#### Stock Options

The stock options activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, October 31, 2010	2,781,500	\$0.13
Granted	575,000	\$0.25
Exercised	(221,500)	\$0.10
Cancelled	Nil	N/A
Forfeited	Nil	N/A
Balance, January 31, 2011	3,135,000	\$0.16

# Jiminex Inc.

## Notes to Financial Statements January 31, 2011

### 5. CAPITAL STOCK (Cont'd)

#### Stock Options (Cont'd)

The following table summarizes the weighted average exercise price and the weighted average remaining contractual life of the options outstanding and exercisable as at January 31, 2011.

Exercise Price	Number of Options	Expiry Date	Remaining Life	Weighted Average Exercise Price
\$0.10	490,000	Mar. 2013	2.1 years	\$0.10
\$0.11	170,000	Apr. 2013	2.2 years	\$0.11
\$0.15	1,225,000	Feb. 2015	4.0 years	\$0.15
\$0.15	400,000	May 2015	4.3 years	\$0.15
\$0.15	275,000	Sep. 2012	1.6 years	\$0.15
\$0.25	575,000	Dec. 2015	4.9 years	\$0.25

#### Share Purchase Warrants

The Company had the following warrants outstanding at Oct. 31, 2010 & Jan. 31, 2011.

Number of Warrants	Exercise Price (\$)	Warrant Type	Issuance Date	Expiry Date
3,200,000	0.20	Investors	Dec. 2009	Dec. 2011
286,666	0.10	Broker Units (i)	Dec. 2009	Dec. 2011
286,666	0.20	Broker (i)	Dec. 2009	Dec. 2011
6,983,361	0.20	Investors	Dec. 2009	Dec. 2011
34,680	0.12	Brokers Units(ii)	Dec. 2009	Dec. 2011
838,787	0.20	Brokers (ii)	Dec. 2009	Dec. 2011
3,510,000	0.20	Investors	Dec. 2009	Dec. 2011
140,000	0.115	Broker Units (iii)	Dec. 2009	Dec. 2011
140,000	0.20	Brokers (iii)	Dec. 2009	Dec. 2011
6,110,000	0.30	Investors	Nov. 2010	Nov. 2012
665,000	0.30	Broker	Nov. 2010	Nov. 2012
22,195,160				

- (1) These broker warrants are exercisable on a one to one ratio upon having the broker units first or concurrently exercised.
- (2) Of these 838,787 broker warrants, 34,680 are exercisable on a one to one ratio upon having the broker units first or concurrently exercised.
- (3) These broker warrants are exercisable on a one to one ratio upon having the broker units first or concurrently exercised.

Fair value was determined using the Black-Scholes model with the following assumptions:

	Fiscal 2011	Fiscal 2010
Expected life	2 - 5 years	2 - 5 years
Volatility	131.86% to 141.58%	80.75% to 99.79%
Dividend yield	nil	nil
Risk free rate	17.2% to 2.37%	1.25% to 2.07%

# Jiminex Inc.

Notes to Financial Statements  
January 31, 2011

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## 6. RELATED PARTY TRANSACTION

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount. Related party transactions that were entered in during the year have been listed below, unless they have been disclosed elsewhere in the financial statements.

For the period ended January 31, 2011, the Company paid consulting service fees in the amount of \$36,210 to directors of the Company and reimbursed \$17,690 to directors for expenditures incurred on behalf of the Company.

## 7. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders.

The Company includes equity, comprised of issued capital stock, contributed surplus, warrants capital and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements.

## 8. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibilities of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

### (a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligation as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

# Jiminex Inc.

Notes to Financial Statements  
January 31, 2011

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## 8. FINANCIAL RISK MANAGEMENT (Cont'd)

### (b) Mineral Property Risk

Mineral property risk is significant. In particular, if an economic ore body is not found, the Company cannot enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or provide a return on investment in the future from any of the properties it has an interest in.

### (c) Market Risk

The Company operates in Canada and incurs expenses in Canadian dollars. Therefore, the Company is not exposed to any currency risk. The Company's cash and cash equivalents earn interest at variable rates and therefore, the Company is exposed to cash flow interest rate risk. The cash flow interest rate risk is the risk that the amount of future cash flows fluctuates with the market interest rate. Management does not consider this to be a significant risk since interest rates are not expected to fluctuate in the short term.

### (d) Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. 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 it relates to valuable minerals 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 from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of minerals may be produced in the future, a profitable market will exist for them. As of January 31, 2011, the Company is not a producer of valuable minerals. As a result, 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.

### (e) Fair Value

As at year-end, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent. Under the fair value hierarchy, cash and cash equivalents has been classified as Level 1.