



Sulliden Gold Corporation Ltd.
(Formerly Sulliden Exploration Inc.)
(A development stage company)

Consolidated Interim Financial Statements
For the three and nine months ended
January 31, 2011 and 2010

Unaudited

NOTICE TO READER

Under Canadian National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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Sulliden Gold Corporation Ltd.

Consolidated Interim Balance Sheets (Unaudited)

As at	January 31, 2011	April 30, 2010
Assets		
Current assets		
Cash and cash equivalent	\$ 45,441,388	\$ 17,835,389
Accounts receivable, prepaid and deposits (Note 6)	<u>241,870</u>	<u>275,872</u>
	45,683,258	18,111,261
Other receivable	-	74,235
Equipment	5,321	2,915
Mineral properties and deferred exploration costs (Note 3)	<u>115,857,688</u>	<u>99,043,166</u>
	<u>\$ 161,546,267</u>	<u>\$ 117,231,577</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 1,159,950	\$ 1,509,936
Current portion of long-term debt (Note 5)	<u>494,917</u>	<u>3,394,322</u>
	1,654,867	4,904,258
Future income tax liability	<u>25,140,000</u>	<u>23,632,000</u>
	26,794,867	28,536,258
Shareholders' equity		
Share capital (Note 4(a) and 4(b))	174,265,502	117,946,751
Warrants (Note 4(d))	2,428,759	9,618,310
Contributed surplus (Note 4(e))	16,507,340	9,480,741
Deficit	<u>(58,450,201)</u>	<u>(48,350,483)</u>
Total shareholders' equity	<u>134,751,400</u>	<u>88,695,319</u>
	<u>\$ 161,546,267</u>	<u>\$ 117,231,577</u>

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 5, 7 and 8)

APPROVED ON BEHALF OF THE BOARD:

Signed "Stan Bharti" _____, Director

Signed "Peter Tagliamonte", Director

- See accompanying Notes to the Consolidated Financial Statements -

Sulliden Gold Corporation Ltd.

Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)

	Common shares		Share purchase	Contributed	Deficit	Shareholders'
	#	\$	warrants	surplus	\$	equity
			\$	\$	\$	\$
Balance - April 30, 2009	106,233,338	89,179,759	2,334,160	7,119,204	(40,935,988)	57,697,135
Share issuance on legal settlement	750,000	487,500	-	-	-	487,500
Share issuance in private placement	1,998,082	1,298,753	-	-	-	1,298,753
Value of warrants granted on private placement	-	(480,759)	480,759	-	-	-
Share issue expenses on private placement	-	-	-	-	(63,059)	(63,059)
Compensation w warrants granted on private placement	-	-	52,920	-	(52,920)	-
Share issuance in public offering	45,600,000	33,015,000	-	-	-	33,015,000
Value of warrants granted in public offering	-	(6,448,596)	6,448,596	-	-	-
Share issue expenses in public offering	-	-	-	-	(2,566,126)	(2,566,126)
Compensation w warrants granted on public offering	-	-	301,875	-	(301,875)	-
Compensation shares issued	1,200,000	780,000	-	-	-	780,000
Share issuance in exercise of options	200,000	91,000	-	-	-	91,000
Value allocation on options exercised	-	24,094	-	(24,094)	-	-
Stock option compensation expense	-	-	-	2,385,631	-	2,385,631
Net loss for the period	-	-	-	-	(4,430,515)	(4,430,515)
Balance - April 30, 2010	155,981,420	117,946,751	9,618,310	9,480,741	(48,350,483)	88,695,319
Share issuance in public offering	18,400,000	23,000,000	-	-	-	23,000,000
Share issue expenses in public offering	-	-	-	-	(1,530,389)	(1,530,389)
Share issuance on exercise of options	1,605,000	1,056,850	-	-	-	1,056,850
Value allocation on options exercised	-	831,772	-	(831,772)	-	-
Share issuance on exercise of warrants	25,892,078	25,218,346	-	-	-	25,218,346
Value allocation on warrants exercised	-	6,557,530	(6,557,530)	-	-	-
Value of broker warrants issued	-	(345,747)	345,747	-	-	-
Stock option compensation expense	-	-	-	6,880,603	-	6,880,603
Expiration of warrants	-	-	(977,768)	977,768	-	-
Net loss for the period	-	-	-	-	(8,569,329)	(8,569,329)
Balance - January 31, 2011	201,878,498	174,265,502	2,428,759	16,507,340	(58,450,201)	134,751,400

- See accompanying Notes to the Consolidated Financial Statements -

Sulliden Gold Corporation Ltd.

Consolidated Interim Statements of Operations and Comprehensive Loss (Unaudited)

	Three months ended January 31,		Nine months ended January 31,	
	2011	2010	2011	2010
Expenses				
Stock-based compensation (note 4)	\$ 4,212,406	\$ 2,050,134	\$ 5,926,857	\$ 2,248,906
Salaries and consulting fees	496,374	1,139,521	1,381,635	2,035,336
Professional fees	403,313	199,925	473,808	660,690
Shareholders' information	155,220	107,822	393,763	236,018
Travel and accommodation	113,553	37,946	271,942	132,708
General administrative expenses	94,080	73,074	208,424	297,878
Foreign exchange loss (gain)	27,942	(8,564)	64,192	(1,298,551)
Amortization expenses	601	129	1,201	386
Recovery from written-off properties	-	-	(74,235)	(53,712)
Loss before the undernoted	5,503,489	3,599,987	8,647,587	4,259,659
Investment income	39,173	17,659	78,258	24,718
Net loss and comprehensive loss for the period	\$ 5,464,316	\$ 3,582,328	\$ 8,569,329	\$ 4,234,941
Loss per share				
- Basic	\$ 0.03	\$ 0.03	\$ 0.05	\$ 0.04
- Diluted	0.03	0.03	0.05	0.04
Weighted average common shares outstanding				
- Basic	182,131,413	132,642,190	165,031,394	118,918,244
- Diluted	197,406,954	132,642,190	173,319,029	118,918,244

- See accompanying Notes to the Consolidated Financial Statements -

Sulliden Gold Corporation Ltd.

Consolidated Interim Statements of Cash Flows (Unaudited)

	Three months ended January 31,		Nine months ended January 31,	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash provided by (used in)				
Operating activities				
Net loss for the period	(5,464,316)	(3,582,328)	(8,569,329)	(4,234,941)
Items not involving cash				
Stock-based compensation	4,212,406	2,050,134	5,926,857	2,248,906
Foreign exchange loss (gain) on long term debt	(20,153)	(128,643)	13,159	(1,219,962)
Foreign exchange loss on cash and cash equivalents	110,837	123,008	91,359	141,647
Amortization	601	129	1,201	386
	<u>(1,160,625)</u>	<u>(1,537,700)</u>	<u>(2,536,753)</u>	<u>(3,063,964)</u>
Net change in non-cash working capital items:				
Accounts receivable and other	100,590	(179,848)	108,237	(218,830)
Accounts payable and accrued liabilities	(130,226)	(12,635)	(764,451)	(121,520)
	<u>(29,636)</u>	<u>(192,483)</u>	<u>(656,214)</u>	<u>(340,350)</u>
Cash flows from operating activities	<u>(1,190,261)</u>	<u>(1,730,183)</u>	<u>(3,192,967)</u>	<u>(3,404,314)</u>
Financing activities				
Private placement and public offering	-	50,000	23,000,000	20,800,374
Share issue expenses	(11,097)	(67,978)	(1,530,389)	(1,102,443)
Exercise of warrants and options	24,979,166	-	26,275,196	-
Payment of long-term debt	(1,008,000)	-	(3,069,700)	(1,462,375)
Cash flows from financing activities	<u>23,960,069</u>	<u>(17,978)</u>	<u>44,675,107</u>	<u>18,235,556</u>
Investing activities				
Equipment	(1,723)	-	(3,607)	(3,430)
Guarantee investment certificates	-	-	-	3,617,300
Mineral properties and deferred exploration costs	(6,635,157)	(1,833,681)	(14,195,640)	(5,106,151)
Change in exploration accounts payable and accrual	(282,421)	(56,355)	414,465	229,165
Cash flows from investing activities	<u>(6,919,301)</u>	<u>(1,890,036)</u>	<u>(13,784,782)</u>	<u>(1,263,116)</u>
Effect of exchange rate changes on cash and cash equivalents	(110,837)	(123,008)	(91,359)	(141,647)
Net change in cash and cash equivalent	15,739,670	(3,761,205)	27,605,999	13,426,479
Cash and cash equivalent, beginning of period	29,701,718	17,320,545	17,835,389	132,861
Cash and cash equivalent, end of period	45,441,388	13,559,340	45,441,388	13,559,340
CASH AND CASH EQUIVALENTS CONSIST OF:				
Cash	1,503,361	1,893,168	1,503,361	1,893,168
Cash equivalents	43,938,027	11,666,172	43,938,027	11,666,172
	<u>45,441,388</u>	<u>13,559,340</u>	<u>45,441,388</u>	<u>13,559,340</u>

Additional information "items not affecting cash related to financing & investment activities"

Broker warrants charged to share issue expenses	-	-	-	354,795
Shares issued on legal settlement	-	780,000	-	1,267,500

- See accompanying Notes to the Consolidated Financial Statements -

Sulliden Gold Corporation Ltd.

Notes to Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2011 and 2010

(Unaudited)

1. Nature of operations and going concern

Sulliden Gold Corporation Ltd. (the "Company"), incorporated under the *Companies Act* (Québec), is in the process of exploring mineral properties in Peru and Canada. The Company is a development stage entity in accordance with Canadian Institute of Chartered Accountants (CICA) Accounting Guideline 11. In 2009, the Company changed its name from Sulliden Exploration Inc. to Sulliden Gold Corporation Ltd. The exploration and development of mineral deposits involves significant financial risk. The success of the Company will be influenced by a number of factors, including risks associated with exploration and extraction, regulatory issues, environmental and other regulations.

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that current exploration, development and mining plans will result in profitable mining operations. The recoverability of the carrying value of assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's assets that are located outside of North America are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

To date, the Company has not generated any revenue from mining activities and meets cash requirements primarily through share issuances. Until the Company attains profitability, it will be necessary to raise additional funds for the continuing exploration and development costs of its properties, and for general and administrative expenses. For the nine months ended January 31, 2011, the Company recorded a net loss of \$5,464,316 and has an accumulated deficit of \$58,450,201.

Management has periodically secured financing through the issuance of new equity instruments, the exercise of existing warrants for the purchase of common shares and the exercise of stock options to fund its activities as a going concern, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding being available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements.

These consolidated financial statements for the three and nine months ended January 31, 2011 have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, and do not reflect the adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and the consolidated balance sheet classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

These statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended April 30, 2010.

Sulliden Gold Corporation Ltd.

Notes to Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2011 and 2010

(Unaudited)

2. Summary of significant accounting policies

Basis of presentation

The interim consolidated financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada for interim financial statements. The interim consolidated financial statements have, in management's opinion, been properly prepared using judgment within reasonable limits of materiality. These interim consolidated financial statements do not include all the note disclosures required for annual financial statements and therefore they should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended April 30, 2010. The significant accounting policies follow that of the most recently reported audited annual consolidated financial statements.

Use of Estimates

The preparation of consolidated 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 amounts of revenues and expenses during the reporting period. Those amounts are based on management's judgement and on information available to the Company at that time. Significant areas where management judgement is applied include the valuation of mineral properties and deferred exploration costs, asset retirement obligations, income tax accounts, contingencies, warrants and stock-based compensation. Actual results could differ from these estimates.

Future Accounting Pronouncements

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section 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. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact that the adoption of these new standards will have on the Company's consolidated financial statements.

Sulliden Gold Corporation Ltd.

Notes to Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2011 and 2010

(Unaudited)

2. Summary of significant accounting policies (Continued)

Future Accounting Pronouncements (Continued)

Convergence with International Financial Reporting Standards ("IFRS")

On February 13, 2008 the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. Accordingly, the Company plans to adopt IFRS on May 1, 2011. In accordance with IFRS, the Company will be required to report its results commencing with its fiscal year ending April 30, 2012, with the quarter ending July 31, 2011 being the first set of consolidated financial statements prepared under IFRS. Comparative figures for the quarter ended July 31, 2010 also need to be presented, including an opening balance sheet as at May 1, 2010 reconciled from current Canadian GAAP to IFRS. For the year ending April 30, 2011 and comparative year ended April 30, 2010, the Company will continue to report its results in accordance with Canadian GAAP.

IFRS 1, First-time Adoption of International Reporting Standards, applies only at the time of the changeover to IFRS. This standard requires first-time adopters to select accounting policies that comply with each pronouncement in effect at the start of its first IFRS reporting period, being May 1, 2011 for the Company, and retrospectively apply those policies as if they were always in effect. However, IFRS 1 provides a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS.

The International Accounting Standards Board ("IASB") currently has several projects underway in its work plan with anticipated completion dates in calendar years 2011 and 2012. These projects are expected to result in new or amended IFRS pronouncements. The Company will continue to monitor standard developments issued by the IASB and regulatory developments issued by the Canadian Securities Administrators and assess their impact on the Company's first IFRS reporting period.

Adoption of IFRS will require the Company to make certain accounting policy choices that could materially impact the reported financial position and results of operations. The Company is continuing to evaluate the impact the adoption of these new standards will have on the Company's consolidated financial statements.

3. Mineral properties and deferred exploration costs

	Balance as at April 30, 2010	Acquisition and Exploration Costs	Balance as at January 31, 2011
Peru			
Shahuindo (Note 8)	\$ 99,039,809	\$ 16,811,655	\$ 115,851,464
Canada			
East Sulliden Property	3,357	2,867	6,224
	\$ 99,043,166	\$ 16,814,522	\$ 115,857,688

Sulliden Gold Corporation Ltd.

Notes to Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2011 and 2010

(Unaudited)

3. Mineral properties and deferred exploration costs (Continued)

	Balance as at April 30, 2009	Acquisition and Exploration Costs	Balance as at April 30, 2010
Peru			
Shahuindo (Note 8)	\$ 88,030,108	\$ 11,009,701	\$ 99,039,809
Canada			
East Sulliden Property	-	3,357	3,357
	\$ 88,030,108	\$ 11,013,058	\$ 99,043,166

4. Share Capital

(a) **Authorized:** Unlimited number of voting common shares, without par value.

(b) **Issued:**

	Nine months ended January 31, 2011		Twelve months ended April 30, 2010	
	Number of shares	Stated Value	Number of shares	Stated Value
Common shares				
Balance, beginning of the period	155,981,420	\$ 117,946,751	106,233,338	\$ 89,179,759
Share issuance				
Public offering	18,400,000	23,000,000	45,600,000	26,566,404
Exercise of warrants	25,892,078	25,218,346	-	-
Exercise of warrants - value allocation	-	6,557,530	-	-
Value allocation of broker unit warrants issued	-	(345,747)	-	-
Exercise of options	1,605,000	1,056,850	200,000	91,000
Exercise of options - value allocation	-	831,772	-	24,094
Private placements	-	-	1,998,082	817,994
For services	-	-	1,950,000	1,267,500
Balance, end of the period	201,878,498	\$ 174,265,502	155,981,420	\$ 117,946,751

On October 29, 2010, the Company announced the closing of a public offering of 18,400,000 common shares of the Company at a price of \$1.25 per share for gross proceeds of \$23,000,000.

Sulliden Gold Corporation Ltd.

Notes to Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2011 and 2010

(Unaudited)

4. Share Capital (Continued)

(b) Issued (Continued)

During the nine months ended January 31, 2011, the following warrants were exercised:

- i. 1,050,000 Broker Warrants, exercisable for one common share and one-half of one common share purchase warrant ("Broker Unit Warrants"), were exercised for gross proceeds of \$840,000. As a result of the exercise, the Company issued 525,000 Broker Unit Warrants. Each Broker Unit Warrant entitles the holder to acquire an additional common share in the capital of the Company at \$1.00 until October 6, 2012. The fair value of the Broker Unit Warrants of \$261,039 was estimated using the Black-Scholes option pricing model under the following weighted average assumptions: expected dividend yield of 0%, risk-free interest rate of 1.41%, expected volatility of 110%, and an expected life of 2.03 years. These 525,000 Broker Unit Warrants were exercised as part of the notice of accelerated expiry discussed below in Note 4(b)(v).
- ii. 246,200 Broker Warrants, exercisable for one common share and one common share purchase warrant were exercised for gross proceeds of \$160,030. As a result of the exercise, the Company issued 246,200 Broker Unit Warrants. Each Broker Unit Warrant entitles the holder to acquire an additional common share at \$0.80 per share until April 23, 2011. The fair value of the warrants of \$57,471 was estimated using the Black-Scholes options pricing model with the following assumptions: expected dividend yield of 0%, risk-free interest rate of 1.12%, expected volatility of 46%, and expected life of 0.56 years.
- iii. 73,865 Broker Warrants, exercisable for one common share and one common share purchase warrant were exercised for gross proceeds of \$48,012. As a result of the exercise, the Company issued 73,865 Broker Unit Warrants. Each Broker Unit Warrant entitles the holder to acquire an additional common share at \$0.80 per share until April 23, 2011. The fair value of the warrants of \$27,237 was estimated using the Black-Scholes options pricing model with the following assumptions: expected dividend yield of 0%, risk-free interest rate of 0.95%, expected volatility of 72%, and expected life of 0.25 years.
- iv. 1,758,547 Warrants were exercised at an exercise price of \$0.80 for gross proceeds of \$1,406,838, which includes the exercise of the 246,200 Broker Unit Warrants (exercised in December 2010) and of the 73,865 Broker Unit Warrants (exercised in January 2011) discussed above.
- v. 22,800,000 Warrants, which were issued pursuant to public offerings completed in October 2009 and April 2010, were exercisable to purchase common share at a price of \$1.00 until October 6, 2012. Pursuant to the terms of a warrant indenture, the expiry of the warrants may be accelerated at any time prior to the expiry of the warrants if the common shares of the Company trade on the Toronto Stock Exchange (the "TSX") at a volume weighted average price of \$1.50 or more for a period of at least twenty (20) consecutive trading days, at which time the Company may give notice to the warrant holders that the warrants will expire on the 30th day following receipt of notice. On December 16, 2010, the Company issued a notice of accelerated expiry to the holders of the share purchase warrants. The warrant holders were advised that the expiry date of the warrants has been accelerated to January 17, 2011. On January 12, 2011 the Company extended the expiry date by one day to January 18, 2011. The Company received proceeds of \$22,763,466 from the exercise of 22,763,466 common share purchase warrants at a price of \$1.00 per common share pursuant to the accelerated expiry of these warrants. Of the total 23,325,000 Warrants (consisting of 22,800,000 Warrants and 525,000 Broker Unit Warrants) subject to the accelerated expiry, 561,534 warrants were not exercised and thus, on January 19, 2011, these warrants expired.

Sulliden Gold Corporation Ltd.

Notes to Interim Consolidated Financial Statements

For the three and nine months ended January 31, 2011 and 2010

(Unaudited)

4. Share Capital (Continued)

(c) Share Purchase Options

The Company adopted a stock option plan, of which, the Company may grant up to that number of stock options that equals 10% of the number of issued and outstanding common shares of the Company at the time of the stock option grant, from time to time. The Plan provides that the Company cannot grant stock options to any one person representing more than 5% of the outstanding common shares of the Company. The terms and conditions of each option granted under the Plan are determined by the Board, upon the recommendations of the Compensation Committee. Options are priced in the context of the market and in compliance with applicable securities laws and Exchange guidelines. Consequently, the exercise price for any stock option is not to be lower than the market price of the underlying common shares at the time of grant. Vesting terms are determined at the discretion of the Board. The Board also determines the term of stock options granted under the Plan but no stock option will be outstanding for a period greater than five years. Directors, officers, employees and certain consultants are eligible to receive stock options under the Plan. Upon the termination of an option holder's engagement with the Company, the cancellation or early vesting of any stock option is at the discretion of the Board. In general, the Company expects that stock options will be cancelled 30 days following an option holder's termination from the Company.

The status of the Company's share option plan is summarized as follows:

	Nine months ended January 31, 2011		Twelve months ended April 30, 2010	
	Number of Share Purchase Options	Weighted Average Exercise Price	Number of Share Purchase Options	Weighted Average Exercise Price
Outstanding at beginning of period	11,455,000	\$ 0.71	9,565,000	\$ 0.71
Exercised	(1,605,000)	\$ 0.66	(200,000)	\$ 0.46
Granted	6,730,000	\$ 1.17	3,790,000	\$ 0.80
Forfeited or expired	-	-	(1,700,000)	\$ 0.98
Outstanding at end of period	16,580,000	\$ 0.90	11,455,000	\$ 0.71
Exercisable at end of period	16,480,000	\$ 0.90	10,455,000	\$ 0.71

Sulliden Gold Corporation Ltd.

Notes to Interim Consolidated Financial Statements

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(Unaudited)

4. Share Capital (Continued)

(c) Share Purchase Options

The following table summarizes information on share purchase options outstanding as at January 31, 2011:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
\$0.80	October 27, 2011	1,765,000	1,765,000	0.74
\$0.50	December 18, 2011	50,000	50,000	0.88
\$0.50	December 13, 2012	250,000	250,000	1.87
\$0.50	April 4, 2013	200,000	200,000	2.18
\$0.65	March 24, 2014	4,550,000	4,550,000	3.15
\$0.80	November 18, 2014	2,590,000	2,590,000	3.80
\$0.81	November 20, 2014	200,000	200,000	3.81
\$1.00	December 23, 2011	100,000	100,000	0.89
\$0.80	January 21, 2015	100,000	100,000	3.98
\$0.70	February 23, 2015	200,000	100,000	4.07
\$0.73	August 23, 2015	3,050,000	3,050,000	4.56
\$1.50	November 8, 2015	105,000	105,000	4.77
\$1.51	November 19, 2015	3,140,000	3,140,000	4.80
\$2.32	January 18, 2016	80,000	80,000	4.97
\$2.28	January 19, 2016	50,000	50,000	4.97
\$2.35	January 26, 2016	150,000	150,000	4.99
Total		16,580,000	16,480,000	3.58

In 2009, 4,950,000 share purchase options were granted to certain Directors, Officers and Consultants of the Company to acquire the Company's shares at \$0.65 until March 24, 2014. Of the total options granted, 3,300,000 vested immediately and 1,650,000 vest in eight equal instalments for a period of two years with the first instalment vesting on the date of grant. The fair value of these options was estimated using the Black-Scholes option pricing model assuming a five year term to maturity; an expected volatility of 99%; a dividend yield of 0%, and a risk free interest rate of 1.95%. For the three and nine months ended January 31, 2011, a total of \$165,643 (2010 - \$99,386) and \$364,414 (2010 - \$298,157) stock-based compensation expense was recorded in relation to the vesting of these options, respectively.

On February 23, 2010, 200,000 share purchase options were granted to a Consultant of the Company to acquire the Company's shares at \$0.70 until February 23, 2015. These options vest in eight equal instalments for a period of two years with the first instalment vesting on the date of grant. The fair value of these options was estimated using the Black-Scholes option pricing model assuming a five year term to maturity; an expected volatility of 95%; a dividend yield of 0%, and a risk free interest rate of 2.51%. For the three and nine months ended January 31, 2011, a total of \$10,768 (2010 - \$nil) and \$50,148 (2010 - \$37,339) stock-based compensation expense was recorded in relation to the options vested, respectively.

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For the three and nine months ended January 31, 2011 and 2010

(Unaudited)

4. Share Capital (Continued)

(c) Share Purchase Options (Continued)

For the nine months ended January 31, 2011, the Company granted 6,730,000 share purchase options to certain Directors, Officers, Employees and Consultants of the Company to acquire the Company's shares at exercise prices ranging from \$0.73 to \$2.35. All of these share purchase options vested immediately and will expire five years from the date of the grants. The fair value of these options was estimated using the Black-Scholes option pricing model assuming a five year term to maturity with an expected volatility, a dividend yield, and a risk free interest rate as noted below. The following table summarizes information on share purchase options issued for the nine months ended January 31, 2011, including the related stock-based compensation expense:

Date of Grant	Share Purchase Options Granted	Exercise Price	Expected Volatility	Dividend Yield	Risk Free Interest Rate	Stock-based Compensation Expense
August 23, 2010 (a)	3,190,000	\$ 0.73	108%	0%	2.08%	\$ 1,476,300
November 8, 2010 (b)	105,000	\$ 1.50	108%	0%	2.20%	124,950
November 19, 2010 (a)	3,155,000	\$ 1.51	108%	0%	2.48%	3,426,745
January 18, 2011 (c)	80,000	\$ 2.32	107%	0%	2.52%	136,800
January 19, 2011 (d)	50,000	\$ 2.28	107%	0%	2.52%	89,500
January 26, 2011 (e)	150,000	\$ 2.35	107%	0%	2.56%	258,000
Total	6,730,000					\$ 5,512,295

(a) granted to certain Directors, Officers and Consultants

(b) granted to an Officer and Consultant

(c) granted to an Employee

(d) granted to a Consultant

(e) granted to a Director

On August 23, 2010, 3,190,000 share purchase options were granted to certain Directors, Officers and Consultants of the Company to acquire the Company's shares at \$0.73 until August 23, 2015. All of the options granted vested immediately. The fair value of these options using the Black-Scholes option pricing model was \$1,818,300. Of the total fair value of \$1,818,300, \$1,476,300 was recorded as stock-based compensation expense, with the remaining balance of \$342,000, representing options awarded to Officers and Consultant directly involved in the exploration program, being capitalized to mineral properties and deferred exploration costs.

Similarly, on November 19, 2010, the Company granted 3,155,000 share purchase options to certain Directors, Officers and Consultants of the Company to acquire the Company's shares at \$1.51 until November 19, 2015. All of the options granted vested immediately. The fair value of these options using the Black-Scholes option pricing model was \$4,038,400. Of the total fair value of \$4,038,400, \$3,426,745 was recorded as stock-based compensation expense, with the remaining balance of \$611,655, representing options awarded to Officers and Consultants directly involved in the exploration program, being capitalized to mineral properties and deferred exploration costs.

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(Unaudited)

4. Share Capital (Continued)

(d) Warrants

The status of the warrants outstanding and changes are summarized as follows:

	Nine months ended January 31, 2011			Twelve months ended April 30, 2010		
	Number of warrants	Weighted average exercise	Grant date fair value	Number of warrants	Weighted average exercise	Grant date fair value
Balance, beginning of period ⁽¹⁾⁽²⁾	35,765,384	\$ 0.93	\$ 9,618,310	9,817,398	\$ 0.79	\$ 2,334,160
Issued - Private Placement	-	-	-	1,998,082	0.80	480,760
Issued - Broker unit warrants	-	-	-	99,904	0.65	52,919
Issued - Broker unit warrants	-	-	-	1,050,000	0.80	301,875
Issued - Broker warrants	845,065	0.92	345,747	-	-	-
Issued - Public Offering	-	-	-	22,800,000	1.00	6,448,596
Expired	(561,534)	1.00	(977,768)	-	-	-
Exercised	(25,892,078)	0.97	(6,557,530)	-	-	-
Balance, end of period	10,156,837	\$ 0.80	\$ 2,428,759	35,765,384	\$ 0.93	\$ 9,618,310

- 1) An additional 110,800 warrants will be issued upon the exercise of the broker unit warrants to purchase 110,800 shares of the Company at \$0.80 until April 23, 2011.
- 2) An additional 99,904 warrants will be issued upon the exercise of the broker unit warrants to purchase 99,904 shares of the Company at \$0.80 until May 8, 2011.
- 3) For the nine months ended January 31, 2011, a total of 3,128,612 warrants were exercised at a weighted average exercise price of \$0.78 for total gross proceeds of \$2,454,880. The Company also received proceeds of \$22,763,466 from the exercise of 22,763,466 common share purchase warrants at a price of \$1.00 per common share pursuant to the accelerated expiry of these warrants (note 4(b)(v)).

The following table summarizes information on warrants outstanding as at January 31, 2011:

Warrants Outstanding		
Exercise Price	Expiry Date	Number Outstanding
\$0.80	April 23, 2011	8,207,533
\$0.65	April 23, 2011	110,800
\$0.80	May 8, 2011	1,738,600
\$0.65	May 8, 2011	99,904
Total		10,156,837

Sulliden Gold Corporation Ltd.

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For the three and nine months ended January 31, 2011 and 2010

(Unaudited)

4. Share Capital (Continued)

(e) Contributed Surplus

	Nine months ended January 31, 2011	Twelve months ended April 30, 2010
Balance, beginning of period	\$ 9,480,741	\$ 7,119,204
Stock-based compensation	6,880,603	2,385,631
Warrants expired	977,768	-
Options exercised	(831,772)	(24,094)
Balance, end of period	\$ 16,507,340	\$ 9,480,741

(f) Capital Management

The Company considers its capital structure to consist of capital stock, warrants, options, contributed surplus and accumulated deficit. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The Company's key asset, the Shahuindo property, is in the exploration and development stage. The Company is dependent upon external financing to fund its activities. To continue to carry out the Company's planned exploration and development of Shahuindo and funding ongoing administrative expenses, the Company will utilize its existing working capital and will raise additional capital as appropriate.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. There were no changes to the approach of management and the board of directors to capital management during the nine months ended January 31, 2011.

5. Long-Term Debt

In February 2009, the Company reached agreements to settle all outstanding issues in the disputes and litigation surrounding the Shahuindo property in Peru (Note 8). The agreements secure the Company's ownership of the Shahuindo property. As part of the settlement of the Shahuindo litigation (the "Settlement Agreement"), the Company agreed to make payments, in installments, to a total US\$13,500,000 as follows:

February 27, 2009 (paid)	US \$1,250,000
May 27, 2009 (paid)	250,000
August 27, 2009 (paid)	1,000,000
April 27, 2010 (paid)	7,500,000
May 27, 2010 (paid)	1,000,000
August 27, 2010 (paid)	1,000,000
November 27, 2010 (paid)	1,000,000
February 27, 2011 (paid in February 2011)	500,000

US\$13,500,000

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5. Long-Term Debt (Continued)

The installment of US\$7,500,000 paid during 2010 released the mortgage that was held on the Shahuindo Property. The Company did not miss any of the payments that were due on May 27, 2010, August 27, 2010, and November 27, 2010. The last installment was due on February 27, 2011, if the Company had missed any of the payments on the due date, a penalty of 10% would have become payable and if not paid within a further 30 days any remaining payments would have been accelerated and become immediately due and payable in full, together with interest on arrears at LIBOR plus 5%. Subsequent to the quarter-end, the Company paid the remaining balance of US\$500,000 before the due date of February 27, 2011.

The settlement payments have been discounted to reflect the time value of money as of the date of the Settlement Agreement. The amortized interest expense, incurred from the settlement date to January 31, 2011, has been capitalized to mineral properties and deferred exploration costs (US\$1,628,051 or \$1,626,423) and are subject to a combined foreign exchange gain for the nine months ended January 31, 2011 of \$51,220.

6. Related Party Transactions

The Company shares its premises with other corporations that have some common directors and officers, and the Company reimburses the related corporations for their proportional share of the expenses. As at January 31, 2011, the Company has advanced \$21,191 to such corporations to cover shared expenses and has included these amounts in accounts receivable, prepaid and deposits (April 30, 2010: \$31,976).

The Company was charged \$15,000 and \$45,000 for the three and nine months ended January 31, 2011, respectively (\$15,000 and \$45,000 for the three and nine months ended January 31, 2010, respectively) by a company controlled by a director of the Company for administration services.

The Company was charged \$40,500 and \$121,500 for the three and nine months ended January 31, 2011, respectively (\$nil for the three and nine months ended January 31, 2010) by a company controlled by a director of the Company for consulting services.

The Company was charged \$10,505 and \$29,196 for the three and nine months ended January 31, 2011 (\$nil and \$63,500 for the three and nine months ended January 31, 2010), respectively by legal firms in Peru and Canada in which a senior member of management or director is a partner.

As at January 31, 2011, accounts payable and accrued liabilities include amounts for professional fees and general administrative expenses to companies related to the Company's officers in the amount of \$23,783 (April 30, 2010: \$15,750) related to these expenditures.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Sulliden Gold Corporation Ltd.

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(Unaudited)

7. Commitments and Contingencies

In 2009, the Company entered into certain commitments in connection with the settlement of litigation (Notes 5 and 8).

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$746,000 and additional contingent payments of approximately \$5,372,000 upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been recorded in these consolidated financial statements.

Environmental Contingencies

The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

8. Termination of Legal Actions

In 2009, the Company reached agreements to settle all outstanding issues in the disputes and litigation surrounding the Shahuindo property in Peru. The agreements secure the Company's ownership of the Shahuindo property.

- a) The Company entered into a Settlement Agreement with Compañía Minera Algamarca S.A. and its subsidiary, Compañía de Exploraciones Algamarca S.A. (collectively "Algamarca") under which Algamarca has agreed to ratify and confirm the 2002 Transfer Contract and acknowledge the transfer of the Shahuindo mining concessions, surface lands and mining assets to the Company effective as of the original date of the Transfer Contract.

Algamarca agreed to withdraw and abandon all process and appeals and to abandon all legal proceedings that have been brought against the Company and its employee's, officers and consultants and to surrender and transfer to the Company the ownership and possession of the surface lands, mining concessions and mining assets.

The Company agreed to abandon all legal proceedings and appeals that have been brought against the Algamarca Group and to refrain from being a party to any other legal proceedings.

- b) The Company also entered into a separate Settlement Agreement with Compañía Minera Andina S.A. and various other Panamanian companies, including Inversiones Mineras Sudamericana SA, Andean Mining Gold SA and Import Export A.C.D.S.A, and their shareholders, whereby these companies have agreed to withdraw and abandon all claims and legal actions that these companies have made against the Company or the Shahuindo property, including the purported transfer of five concessions to Inversiones Mineras Sudamericana SA and eight concessions to Andean Mining Gold SA, the mortgage of US\$50,000,000 in favour of Import Export A.C.D.S.A and the mortgage of US\$80,000,000 in favour of Inversiones Mineras Sudamericana.

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8. Termination of Legal Actions (Continued)

In consideration of these companies withdrawing all claims and discontinuing all legal actions against the Company, its officers, employees and consultants, or relating to the Shahuindo Property, the Company agreed to:

- (1) Make payments, in installments, to a total US\$13.5 million (note 5).

As of January 31, 2011, the Company paid US\$13.0 million of the US\$13.5 million debt obligation. Subsequent to the quarter-end, the Company paid the last installment of US\$500,000 (Note 10).

- (2) Issue 9,575,000 common shares of the Company at a deemed issue price of \$0.50 per share

In 2009, the Company issued 9,575,000 shares at a deemed value of \$0.50 per share for a total amount of \$4,787,500.

- (3) Grant a royalty equal to 1.5 percent of Net Smelter Returns (1.5% NSR), payable upon production from the Shahuindo property, provided that the Company has the right for a period of three years to buy-back the 1.5% NSR at a price of US\$10,000,000 if exercised within one year, and at a price of US\$10,000,000 plus interest at Libor plus 5 percent, if such buy-back right is exercised between the thirteenth and thirty-sixth months; and further provided that if, during the first six years from date of Agreement, the Company sells. The Shahuindo Project, or the Board of the Company approves the transfer or issue of more than 52% of its shares, to a third party, the Company must buy back the NSR. The NSR Agreement provides that if the Shahuindo property does not start operations within a period of three years from the date of the Agreement, an advance NSR royalty in the amount of US\$500,000 per year becomes payable in quarterly installments of US\$125,000 per quarter until the start of operations, with any such advance payments credited as advance payments on account of the NSR, subject to force majeure including material drop in the price of gold or silver, social commotion, strikes, or any other event that could be qualified as an act of God.

- c) The Company also entered into an exploration option agreement with a private Peruvian company which holds certain mining concessions partly adjoining the Shahuindo property. During the option period, the Company may carry out exploration on the mining concessions and has the option, for a period of three years, to purchase the properties for a purchase price of US\$5,000,000, subject to a 3% NSR royalty.

- d) The Company also agreed to issue to an arm's-length third party 1,250,000 common shares of the Company at a deemed issue price of \$0.50 per share in payment of a success fee for assistance in facilitating and negotiating the settlements (issued during 2009).

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9. Financial Risk Factors

There have been no changes to the risk objectives, policies and procedures from the previous period. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Financial instruments

The Company has, for accounting purposes, designated its cash and cash equivalents as held-for-trading, which are measured at fair market value. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost, Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized costs.

The carrying value of cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long term debt reflected in the consolidated balance sheet approximate fair value because of the relatively short-term maturities.

Cash equivalents of \$43,938,027 are considered to be Level 2.

Interest rate risk

As at January 31, 2011, the Company held guaranteed investment certificates of \$14,799,809 and high interest saving accounts of \$29,138,218, subject to early redemption rights, and earning income at an average rate of 1.50% and 0.7%, respectively (April 30, 2010 - \$3,329,048 guaranteed investment certificates, earning income at an average rate of 0.5%). The Company's investments bear interest at fixed rates subject to change for earlier maturities. All other financial assets are non-interest bearing. A 1% increase in interest rates, based on the balance of cash and cash equivalents at January 31, 2011, would result in an increase in annual interest income of approximately \$454,000.

All liabilities are non-interest bearing; however, if the Company misses any of the payments under the Settlement Agreement due on any of the 15th, 18th, 21st or 24th month (Notes 5 and 8), a penalty of 10% becomes payable and if not paid within a further 30 days any remaining payments are accelerated and become immediately due and payable in full, together with interest in arrears at LIBOR plus 5%. The last installment payment of US\$500,000 outstanding as at January 31, 2011 was paid before its due date of February 27, 2011.

Foreign currency risk

The Company has operations in Peru with transactions denominated in U.S. dollars and Peruvian Nuevos Soles currency. In addition, the Company's debt obligations related to the Settlement Agreement are denominated in U.S. dollars (Notes 5 and 8). The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations.

A portion of the Company's expenses are denominated in U.S. dollars and Peruvian Nuevos Soles. Consequently, an amount of US\$16,426,703 and Soles/1,004,614 cash and cash equivalents, Soles/287,941 in amounts receivable, and US\$162,893 and Soles/2,419,426 in accounts payable and accrued liabilities are exposed to fluctuations in foreign exchange rates.

The Company also has debt obligations (Note 5) totaling US\$500,000 that is exposed to fluctuations in foreign exchange rates. A 10% variance in the US\$ exchange rate would impact the value of the debt obligation by \$50,000 based on the balance as at January 31, 2011.

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9. Financial Risk Factors (Continued)

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash, guaranteed investment certificates and high interest savings instruments held with financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primarily of goods and services tax due from the Federal Governments of Canada.

Liquidity risk

As at January 31, 2011, the Company had net working capital of \$44,028,391, which included cash and cash equivalents of \$45,441,388 and amounts receivable and other of \$241,870, net of current liabilities of \$1,654,867. The current liabilities included the discounted value of the payments due as part of the settlement obligation (Notes 5 and 8). In addition to operating expenses and the final long-term debt payments, expenditures over the next twelve month period include expenditures on exploration and development programs. The Company expects to rely on its existing net working capital to finance its ongoing activities. The Company also expects to complete future equity financings, as required and available.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

10. Subsequent Event

On February 17, 2011, the Company completed its debt obligation relating to the US\$13.5 million Settlement Agreement on its Shahuindo property by paying the last installment of US\$500,000 (Notes 5 and 8).