EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED FINANCIAL STATEMENTS

for the years ended
December 31, 2010 and 2009

CHARTERED ACCOUNTANTS
MacKay LLP

1100 – 1177 West Hastings Street
Vancouver, BC V6E 4T5
Tel: 604-687-4511
Fax: 604-687-5805
Toll Free: 1-800-351-0426
www.MacKay.ca

mackay.ca

Independent Auditor's Report

To the Shareholders of
Eagle Plains Resources Ltd.

We have audited the accompanying consolidated financial statements of Eagle Plains Resources Ltd. and its subsidiary, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, and the consolidated statements of operations and deficit, comprehensive loss, accumulated other comprehensive gain and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Eagle Plains Resources Ltd. and its subsidiary as at December 31, 2010 and December 31, 2009, and the consolidated results of their operations and their consolidated cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Eagle Plains Resources Ltd. and its subsidiary to continue as a going concern.

"MacKay LLP"

Chartered Accountants
Vancouver, British Columbia
April 29, 2011

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Consolidated Balance Sheets

As at December 31	2010	2009
Assets		
Current		
Cash and cash equivalents	**$ 3,633,401**	$ 2,741,680
Accounts receivable	**544,543**	751,883
Subscriptions receivable	**-**	25,900
Mineral exploration tax credits receivable	**54,790**	54,790
Investments (Note 3)	**3,066,538**	2,369,771
	7,299,272	5,944,024
Investment in and advances to related company (Note 9)	**20,020**	20,020
Long-term investments (Note 3)	**2,882,877**	1,158,735
Property and equipment (Note 4)	**2,204,810**	1,997,987
Mineral properties (Note 5)	**5,097,572**	5,567,283
	$ 17,504,551	$ 14,688,049
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**$ 666,875**	$ 343,151
Mortgage payable (Note 6)	**296,368**	-
	963,243	343,151
Non-controlling interest (Note 15)	**-**	1,314,602
Shareholders' equity		
Share capital (Note 7)	**25,065,966**	23,008,931
Warrants (Note 7)	**506,232**	1,176,891
Contributed surplus (Note 7)	**3,644,867**	2,132,402
Accumulated other comprehensive gain (Note 14)	**1,924,773**	284,196
Deficit	**(14,600,530)**	(13,572,124)
	16,541,308	13,030,296
	$ 17,504,551	$ 14,688,049

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 5 and 10)
Subsequent events (Note 17)

Approved on behalf of the Board:

"Timothy J. Termuende" Director
Mr. Timothy J. Termuende

"Glen J. Diduck" Director
Mr. Glen J. Diduck

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

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Consolidated Statements of Operations and Deficit

For the years ended December 31	2010	2009
Revenue		
Geological services	$ 2,347,050	$ 1,661,249
Gold sales	102,131	36,658
	2,449,181	1,697,907
Cost and Expenses of Operations		
Geological expenses		
Services	1,479,182	793,668
Amortization	84,332	77,294
Salaries and subcontractors	315,705	364,978
	(1,879,219)	(1,235,940)
Mining expenses		
Cost of sales	-	2,476,447
Amortization	257,687	326,042
	(257,687)	(2,802,489)
Gross profit (loss)	312,275	(2,340,522)
Other Expenses		
Administration costs (Note 9)	988,872	628,921
Amortization	39,568	29,824
Bad debts	-	324,962
Professional fees (Note 9)	136,149	84,953
Public company costs	49,578	45,666
Stock compensation expense (Note 7)	1,955,707	302,213
Trade shows, travel and promotion	127,525	94,987
Write down of mineral properties (Note 5)	47,343	4,415,282
	(3,344,742)	(5,926,808)
Loss before other items	(3,032,467)	(8,267,330)
Other items		
Option proceeds in excess of carrying value	1,100,235	15,796
Other income (Note 9)	98,821	35,798
Investment income	7,458	56,485
Gain (loss) on disposal of equipment	47,999	(311,549)
Impairment of investment (Note 3)	-	(39,999)
Gain (loss) on sale of long-term investments	768,672	(144,375)
	2,023,185	(387,844)
Loss before income tax and non-controlling interest	(1,009,282)	(8,655,174)
Non-controlling interest (Note 15)	(463,668)	1,735,398
Net loss before income tax	(1,472,950)	(6,919,776)
Future income tax recovery (Note 13)	444,544	630,118
Net Loss for the year	(1,028,406)	(6,289,658)
Deficit, beginning of year	(13,572,124)	(7,282,466)
Deficit, end of year	$ (14,600,530)	$ (13,572,124)
Net loss per share – basic and diluted (Note 8)	$ (0.01)	$ (0.09)
Weighted average number of shares - basic and diluted	77,551,515	66,837,130

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

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Consolidated Statements of Comprehensive Loss

For the years ended December 31	2010	2009
Net loss	**$ (1,028,406)**	$ (6,289,658)
Other comprehensive gain		
Unrealized gain on investments, net of tax, (Notes 3 and 14)	**871,905**	2,086,037
Reclassification on disposition of investments	**768,672**	144,375
Comprehensive gain (loss)	**$ 612,171**	$ (4,059,246)

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Consolidated Statements of Accumulated Other Comprehensive Gain and Deficit

As at and for the years ended December 31	2010	2009
Accumulated other comprehensive gain, Beginning of year	**$ 284,196**	**$ (1,946,216)**
Other comprehensive income	**1,640,577**	**2,230,412**
Accumulated other comprehensive gain, End of year (Note 14)	**1,924,773**	**284,196**
Deficit	**(14,600,530)**	**(13,572,124)**
Accumulated other comprehensive gain and deficit	**$ (12,675,757)**	**$ (13,287,928)**

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

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Consolidated Statements of Cash Flows

For the years ended December 31	2010	2009
Cash flows from operating activities		
Net loss for the year	$ (1,028,406)	$ (6,289,658)
Adjustments for :		
Non-controlling interest	463,668	(1,735,398)
Amortization	381,587	433,160
Bad debts	-	324,962
Stock compensation	1,955,707	302,213
Impairment of investment	-	39,999
(Gain) loss on sale of long-term investments	(768,672)	144,375
(Gain) loss on disposal of equipment	(47,999)	311,549
Option proceeds in excess of carrying value	(1,100,235)	(15,796)
Write down of mineral properties	47,343	4,415,282
Future income tax expense (recovery)	(444,544)	(630,118)
	(541,551)	(2,699,430)
Changes in non-cash working capital items		
(Increase) decrease in accounts receivable	63,727	(292,408)
Increase (decrease) in accounts payable and accrued liabilities	253,288	57,887
	(224,536)	(2,933,951)
Cash flows from financing activity		
Proceeds from mortgage	300,000	-
Principal payments on mortgage	(3,632)	-
Issue of shares for cash, net of issuance costs	939,210	2,509,162
	1,235,578	2,509,162
Cash flows from investing activities		
Decrease (increase) in mineral exploration tax credits recoverable	-	676,187
Decrease in due from related party	-	163,695
Acquisition of mineral exploration properties	(400,000)	(1,050,000)
Proceeds from sale of investments	1,712,211	602,410
Purchase of investments	(1,255)	(250,694)
Cash received for option payments	180,000	130,000
Exploration of mineral exploration properties	(982,478)	(390,710)
Proceeds from sale of equipment	48,000	-
Purchase of property and equipment	(675,799)	(493,991)
	(119,321)	(613,103)
Change in cash and cash equivalents	891,721	(1,037,892)
Cash and cash equivalents, beginning of year	2,741,680	3,779,572
Cash and cash equivalents, end of year	$ 3,633,401	$ 2,741,680
Cash and cash equivalents comprises:		
Bank deposits	$ 1,188,555	$ 1,692,321
Term deposits	2,444,846	1,049,359
	$ 3,633,401	$ 2,741,680

The Company made no cash payments for income taxes and made interest payments of $12,416.

Statement of Cash Flow (Note 12)

1. Nature and Continuance of Operations

Eagle Plains Resources Ltd (the “Company” or “Eagle Plains” or “EPL”) was incorporated on March 30, 1994, pursuant to the Alberta Business Corporation Act (Alberta), and is extra provincially registered in the Yukon, British Columbia, the Northwest Territories and Saskatchewan. The Company is a junior resource company holding properties located in British Columbia, Yukon, the Northwest Territories and Saskatchewan for the purpose of exploring for, and the development of mineral resources. As the Company has not commenced commercial production on any of its mining properties the Company continues to be an exploration stage company.

These statements have been prepared on the basis of accounting principles applicable to a going concern. Management has assessed that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Recoverability of the amounts shown for mineral exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and attain profitable production or proceeds from the disposition of the properties in excess of the carrying amount. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Significant Accounting Policies

These consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Terralogic Exploration Inc. (formerly Bootleg Exploration Inc.) All significant intercompany balances and transactions have been eliminated.

b) Financial instruments
In accordance with CICA Handbook Section 3855, the Company classifies all financial instruments as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables, or other financial liabilities. All financial instruments are measured in the balance sheet at fair value initially, with the exception of certain related party transactions. Subsequent measurement and changes in fair value will depend on their initial classification. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, are measured at amortized cost. Available-for-sale assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized on the statement of operations.

Section 3862 provides guidance on disclosures in the financial statements to enable users of the financial statements to evaluate the significance of financial instruments to the Company’s financial position and performance, and about risks associated with both recognized and unrecognized financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments.

2. Significant Accounting Policies - continued

b) Financial instruments- continued

The Company holds various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. Investments in entities in which the Company does not have control or significant influence are designated as available-for-sale. The fair value for investments designated as available-for-sale is recorded on the balance sheet, with unrealized gains and losses, net of related income taxes, recorded in accumulated other comprehensive income ("AOCI"). The cost of securities sold is based on the specific identification method. Realized gains and losses, including any other-than-temporary decline in value, on these equity securities are removed from AOCI and recorded in income or loss.

The Company has designated its cash and cash equivalents as held-for trading, which are measured at fair value. Investments are classified as available-for-sale and are recorded at fair value. Accounts and subscriptions receivable and investment in and advances to related company are classified as receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and long term debt are classified as other financial liabilities, which are measured at amortized cost. Transaction costs are expensed as incurred.

The carrying amounts and fair values of financial assets and liabilities are as follows:

	December 31 2010		December 31 2009	
	Carrying Value	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Held-for-trading				
Cash and cash equivalents	**$3,633,401**	**$3,633,401**	$2,741,680	$2,741,680
Receivables				
Accounts receivable	**544,543**	**544,543**	777,783	777,783
Mineral exploration tax credit receivable	**54,790**	**54,790**	54,790	54,790
Available-for-sale financial assets				
Investments	**5,949,415**	**5,949,415**	3,528,506	3,528,506
Other financial liabilities				
Payables and accrued liabilities	**666,875**	**666,875**	343,151	343,151
Mortgage payable	**296,368**	**296,368**	-	-

c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments with maturities of three months or less from the date of purchase, with little or no credit or interest rate risk.

d) Investments

Securities acquired under option agreements executed with option partners on the Company's mineral properties are recorded at the "fair value" as determined by management. Fair value is based on closing market prices for publicly traded shares without recognizing the possible effects of price fluctuations, quantities traded and similar items. The fair value may or may not approximate trading prices at the time the agreement is executed. The related capitalized mining expenditures are reduced by the fair value of the investment received.

Shares held in escrow have been valued at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model.

2. Significant Accounting Policies - continued

e) Property and equipment
Property and equipment is recorded at cost. Amortization is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

Automotive	- 30% per annum
Building	- 4% per annum
Computer equipment	- 30%, 45% and 100% per annum
Computer software	- 100% per annum
Furniture and equipment	- 20% per annum
Leasehold improvements	- straight line over 6 years
Ore processing equipment	- 20% and 30% per annum
Dewatering pipeline	- 6% per annum

f) Mineral exploration properties
Costs of acquisition, exploration and development of mineral properties are capitalized on a property by property basis. General and administrative costs are either charged to expense in the year incurred or capitalized if they directly relate to exploration. Amortization of these costs will be on a unit-of-production basis, based on estimated proven reserves of minerals of the areas, should such reserves be found. Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property since it has no value to the Company. When properties are abandoned, the costs are charged to operations. The proceeds received from a partial disposition or an option payment is credited against the capitalized costs; proceeds received in excess of costs incurred on a property by property basis are credited to income. In addition, if there has been a delay in development activity for several successive years, a write-down of capitalized costs will be charged to operations.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment each reporting period. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and the asset written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value.

g) Asset retirement obligation
The Company recognizes the fair value of a legal liability for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant asset retirement obligations.

h) Mineral tax credits
The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of mineral exploration expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments if any, resulting from such a review are recorded in the period that the tax filings are amended.

i) Option Agreements
Certain of the Company's exploration and development activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

2. Significant Accounting Policies - continued

j) Flow-through shares
The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting for income taxes, the future income taxes related to the temporary difference arising at the renunciation date are recorded at that time together with a corresponding reduction to the carrying value of the shares issued. In instances where the Company has sufficient deductible temporary differences available to offset the future income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a recovery in operations in the period of renunciation.

k) Per share amounts
Basic loss per common share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

l) Stock-based compensation plan
The Company has an equity incentive plan which is described in Note 7. The fair value of options to purchase common shares is calculated at the date of grant using the Black-Scholes option-pricing model and that value is recorded as compensation expense over the option's vesting period with an offsetting credit to contributed surplus. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. Upon exercise of the share purchase option, the associated amount is reclassified from contributed surplus to share capital. Consideration paid by employees upon exercise of share purchase options is credited to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

m) Share issue costs
Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

n) Valuation of equity units issued in private placements
The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common share purchase warrants was determined to be the more easily measureable component and was determined at the announcement date using the Black-Scholes pricing model. The balance of proceeds is allocated to the common shares. The fair value attributed to the warrants is recorded as warrants. If the warrants are exercised or expire unexercised, the value attributable to the warrants is attributed to common shares.

o) Revenue recognition
Revenue associated with the geological services provided by the Company's wholly owned subsidiary Terralogic Exploration Inc. (formerly Bootleg Exploration Inc.) is recognized when services are performed under an agreement with a customer, and collection of any resulting receivable is reasonably assured.

2. Significant Accounting Policies - continued

p) Income taxes
The Company uses the liability method of accounting for income taxes. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences – the difference between the carrying amount of an asset and liability in the balance sheet and its tax basis and the carry forward of unused tax pools and unamortized share issue costs. Future income tax assets and liabilities are measured using income tax rates expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that the change is substantially enacted. Future income tax assets are evaluated and if realization is not considered “more likely than not”, a valuation allowance is provided.

q) Impairment of long-lived assets
The Company has adopted the recommendations of CICA Handbook Section 3063 "Impairment of Long-lived Assets" and abstract EIC 174, "Mining Exploration Costs" ("EIC 174") of the Emerging Issues Committee. Section 3063 requires that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstance indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated.

EIC 174 provides that an enterprise that is in the development stage with initially capitalized exploration costs but has not established mineral reserves objectively and therefore does not have a basis for preparing a projection of the estimated future net cash flow from the property, is not obliged to conclude that the capitalized costs have been impaired. However, such an enterprise should consider whether a subsequent write-down of capitalized exploration costs related to mining properties is required.

r) Measurement Uncertainty
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 amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include recoverability of mineral properties; impairment of property and equipment; useful lives for amortization of property and equipment; reclamation and environmental obligations; and contingencies reported in the notes to the financial statements. Financial results as determined by actual events could differ from those estimates.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company’s stock options and warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

s) New accounting policies not yet adopted
In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company has done preliminary reviews of financial reporting and does not anticipate any material changes to financial statement presentation and is presently reviewing note disclosure requirements under IFRS.

2. Significant Accounting Policies - continued

s) New accounting policies not yet adopted - continued

(i) Section 1582, "Business Combinations"
In January 2009, the CICA issued Handbook Section 1582, "Business Combinations". This Section, which replaced the former Business Combination Section, Section 1581, establishes standards for the accounting for a business combination and provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations". Section 1582 requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The guidance within Section 1582 has an effective date of January 1, 2011. Early adoption of this section is permitted. The Company did not adopt this section prior to the adoption of IFRS and therefore there was no impact to the consolidated financial statements.

(ii) Section 1601, "Consolidated Financial Statements"
In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements". This Section, together with new Section 1602 ("Non-controlling Interests"), replaces the former Consolidated Financial Statements (Section 1600) and establishes standards for the preparation of financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this section is permitted. The Company did not adopt this section prior to the adoption of IFRS and therefore there was no impact to the consolidated financial statements.

(iii) Section 1602, "Non-controlling Interests"
Effective January 1, 2011, the Company will be required to adopt CICA Handbook Section 1602, "Non-controlling Interests", which with CICA Handbook Section 1601, will supersede the existing business combinations standard. This section establishes the standards for the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. A non-controlling interest in a subsidiary will be required to be classified as a separate component of equity under this standard. Early adoption of this section is permitted. The Company did not adopt this section prior to the adoption of IFRS and therefore there was no impact to the consolidated financial statements.

3. Investments

The Company holds investments that have been designated as available-for-sale as follows:

	December 31, 2010		December 31, 2009	
	Market Value	**Cost**	Market Value	Cost
Current:				
Common shares in public companies	**$ 3,066,538**	**$ 2,407,330**	$ 2,369,771	$ 2,246,368
Long-term:				
Common shares of public companies held in escrow	**2,064,023**	**496,490**	341,135	112,742
Common shares in private companies	**477,000**	**477,000**	477,001	477,001
Guaranteed investment certificates	**341,854**	**341,854**	340,599	340,599
	2,882,877	**1,315,344**	1,158,735	930,342
	$ 5,949,415	**$ 3,722,674**	$ 3,528,506	$ 3,176,710

For securities traded in an active market, market value is based on the quoted closing prices of the securities at December 31, 2010. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded. The investment in common shares in private companies was written down in 2009 to reflect impairment in value as the securities were not traded in an active market.

The Company holds public traded securities held in escrow to be released to the Company over a period from October 1, 2010 to December 1, 2013. Securities held in escrow have been recorded at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model.

Accumulated other comprehensive gain of $1,924,773 (2009 - $284,196) is the result of the change in fair value, net of tax, up to December 31, 2010.

4. Property and Equipment

	Dec 31 2010		Dec 31 2009	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 298,856**	**$ -**	$ 230,216	$ -
Buildings	**849,882**	**48,667**	301,352	26,711
Automotive	**380,887**	**138,999**	416,014	113,421
Computer equipment and software	**268,382**	**223,611**	214,516	175,933
Furniture and equipment	**284,564**	**122,564**	329,596	107,371
Ore processing equipment	**722,370**	**99,061**	1,179,025	253,722
Dewatering pipeline	**33,547**	**776**	-	-
Leasehold improvements	**38,640**	**38,640**	38,640	34,214
	$ 2,877,128	**$ 672,318**	$ 2,709,359	$ 711,372
Net Book Value	**$ 2,204,810**		$ 1,997,987	

5. Mineral Properties

During the year, the Company made acquisition and exploration expenditures of $1,312,060 (2009 - $3,080,508) and received grants, option payments, and mineral tax credits of $1,788,006 (2009 - $536,172). As a result of option payments received the Company recorded in income option proceeds in excess of carrying value of $1,100,235 (2009 - $15,796). In accordance with company policy, properties were written down totalling $47,343 (2009 - $4,415,282) at December 31, 2010.

The Company acquired a 100% interest in the Yellowjacket property for $400,000 cash and 2,000,000 shares of Eagle Plains valued at $240,000, with a reduction of the property costs of $1,046,657 (see Note 15).

As a result of the foregoing, mineral exploration properties totaled $5,097,572 at December 31, 2010, down from $5,567,283 at December 31, 2009.

The Company's subsidiary, Terralogic Exploration Inc, carried out exploration programs on behalf of option partners on various optioned properties totalling $2,347,050 (2009 – $1,697,907) in the year.

The Company has interests in a number of optioned exploration projects. As at December 31, 2010, the Company had executed option or purchase agreements with third parties on the following projects:

Option Agreements - Third party earn in

a) **Baska-Eldorado Project:** On September 17, 2009, the Company signed a Purchase Agreement with Giyani Gold Corp. (formerly 99 Capital Corporation) ("Giyani") whereby Giyani purchased a 100% interest in the property, in north-central Saskatchewan, Canada, by issuing 2,000,000 common shares to Eagle Plains. The shares are held in escrow and will be released from escrow as to 200,000 shares on the closing date and as to 300,000 shares every six months thereafter. The Company has received 800,000 shares as at December 31, 2010. Eagle Plains has been granted a back-in option entitling it to purchase a 50% interest in the Baska-Eldorado property at any time between the second and fourth anniversaries of the closing date by paying Giyani the sum of $250,000 plus an amount in cash equal to one-half of all amounts spent by Giyanil on exploration of the Baska-Eldorado property and one-half of all other expenditures by Giyani in relation to the Baska-Eldorado property plus a premium of 150% applied to each expenditure grouping. If Eagle Plains does not exercise its back-in option it will be granted a 1% net smelter returns royalty on the Baska-Eldorado property to a maximum of $2-million. In the event that Eagle Plains exercises its back-in option, the parties will be deemed to have formed a joint venture for the further exploration and development of the Baska-Eldorado property with Giyani holding an initial participating interest of 50% cent and Eagle Plains holding an initial participating interest of 50%.

Shares to be released from escrow as follows:

Share Instalments	Due Date
200,000	November 19, 2009 (received)
300,000	May 19, 2010 (received)
300,000	November 19, 2010 (received)
300,000	May 19, 2011
300,000	November 19, 2011
300,000	May 19, 2012
300,000	November 19, 2012
2,000,000	

5. Mineral Properties - continued

Option Agreements - Third party earn in - continued

b) **Bohan Project:** On September 20, 2010, the Company executed a property purchase agreement with Active Growth Capital Inc. ("Active Growth") whereby Active Growth purchased a 100% right, title and interest in the Bohan property (the "Property") located near Creston in south-western British Columbia. As consideration for the acquisition, Active Growth agreed to issue 2,000,000 common shares to Eagle Plains, to be held in escrow pursuant to the Exchange policies. Of the total share consideration, 10% (or 200,000 shares) was released from escrow upon issuance of the Final Exchange Bulletin in respect of the Qualifying Transaction and the remainder will be released from escrow in increments of 300,000 shares every 6 months thereafter.

Pursuant to the Agreement, Eagle Plains has the right to re-purchase a 50% ownership interest in the Property from the Active Growth at any time after the second anniversary of the Qualifying Transaction, and extending up to the fourth anniversary of the Qualifying Transaction, at Active Growth's aggregate acquisition cost plus a premium of 150%. The re-acquisition price, if applicable, would be payable in cash. In the event that Active Growth wishes to sell the Property, Eagle Plains will have the right of first refusal to acquire it. In the event that the Property is put into commercial production and Eagle Plains has not exercised its' right to re-purchase an ownership interest in the Property as described above, then Eagle Plains will receive a 1% net smelter returns ("NSR") royalty. The 1% NSR royalty is only payable to Eagle Plains if Eagle Plains has no ownership interest in the Property. In the event that Eagle Plains wishes to sell the 1% NSR royalty, then Active Growth will have the right of first refusal to acquire it.

Shares to be released from escrow as follows:

Share Instalments	Due Date
200,000	December 13, 2010 (received)
300,000	June 1, 2011
300,000	December 1, 2011
300,000	June 1, 2012
300,000	December 1, 2012
300,000	June 1, 2013
300,000	December 1, 2013
2,000,000	

c) **Coyote Creek Project:** On June 9, 2009 Eagle Plains announced that it had reached agreement with Heemskirk Canada Ltd. ("Heemskirk") whereby Heemskirk may earn a 100% interest in the property located in south-western British Columbia. In order to exercise the option and acquire a 100% interest in the property Heemskirk is required to make cash payments totalling $240,000 plus a production royalty on material extracted. Heemskirk has made the first two payments required, totalling $40,000, and must pay Eagle Plains $200,000 by June 30, 2012 to complete the option terms.

d) **Eagle Lake Project:** On September 11, 2009, the Company completed an option agreement whereby Sandstorm Metals & Energy Ltd. can earn a 60% interest in Eagle Plains' 100% owned mineral property, located in north-central Saskatchewan, by making exploration expenditures of $3,000,000 and completing payments of 850,000 shares and $495,000 cash by the fifth anniversary. A 1% NSR is reserved for Eagle Plains. Payments are due as follows:

5. Mineral Properties - continued

Option Agreements - Third party earn in - continued

d) **Eagle Lake Project- continued:**

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 10,000		$ -	Date of agreement (received)
20,000	50,000	-	Date of Regulatory approval (received)
20,000	50,000	200,000	May 13, 2011
25,000	50,000	50,000	May 13, 2012
50,000	200,000	500,000	May 13, 2013
120,000	200,000	1,000,000	May 13, 2014
250,000	300,000	1,250,000	May 13, 2015
$ 495,000	850,000	$ 3,000,000	

e) **Elsiar Project:** On July 12, 2010, the Company completed an option agreement whereby Blackrock Resources Ltd (formerly 0802906 B.C. LTD.) can earn a 60% interest in Eagle Plains' 100% owned copper-moly-gold property, located in northwestern British Columbia, by making exploration expenditures of $3,000,000 and completing payments of 1,000,000 shares and $250,000 cash by the fourth anniversary of the agreement. A 1% NSR is reserved for a third party. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 25,000	100,000	$ -	Date of agreement (received cash)
-	-	100,000	December 31, 2010 (completed)
50,000	200,000	-	July 12, 2011
-	-	200,000	December 31, 2011
50,000	200,000	-	July 12, 2012
-	-	800,000	December 31, 2012
50,000	200,000	-	July 12, 2013
-	-	1,900,000	December 31, 2013
75,000	300,000	-	July 12, 2014
$ 250,000	1,000,000	$ 3,000,000	

f) **Ice River Project:** On September 25, 2008, Eagle Plains Resources Ltd. announced that it had reached agreement with Waterloo Resources Ltd. ("Waterloo") whereby Waterloo may earn a 60% interest in the Ice River Property (amended March 5, 2009), located in British Columbia. In order to exercise the option and acquire a 60% interest in the property Waterloo is required to make cash payments totalling $510,000 (originally $500,000), issue 750,000 (originally 350,000) common shares and make exploration expenditures of $3,000,000 (no change) over a period of five years. A 1% NSR is reserved for Eagle Plains. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 10,000		$ -	On signing of formal agreement (received)
20,000	100,000	-	Sept 27, 2009 (received)
25,000	100,000	200,000	Sept 27, 2010 (received)
25,000	100,000	50,000	Sept 27, 2011
50,000	150,000	500,000	Sept 27, 2012

5. Mineral Properties - continued

Option Agreements - Third party earn in – continued

f) **Ice River Project – continued**

Cash Payments	Share Payments	Exploration Expenditures	Due Date
120,000	100,000	1,000,000	Sept 27, 2013
260,000	200,000	1,250,000	Sept 27, 2014
$ 510,000	750,000	$ 3,000,000	

g) **Iron Range Project:** On April 21, 2010, Eagle Plains Resources Ltd ("Eagle Plains") and Providence Capital Corp ("Providence") entered into an option agreement on Eagle Plains' 100% owned Iron Range project located in south-eastern BC. Under the terms of the agreement, Providence may earn a 60% interest in the property by completing $3,000,000 in exploration expenditures, making $500,000 in cash payments and issuing 1,000,000 shares to Eagle Plains over 4 years. Upon Providence exercising its option, a 60/40 Joint Venture between Providence and Eagle Plains will be established. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 25,000	100,000	$ -	On exchange approval – June 3, 2010 (received)
-	-	200,000	December 31, 2010 (completed)
50,000	100,000	-	June 3, 2011
-	-	300,000	December 31, 2011
75,000	200,000	-	June 3, 2012
-	-	500,000	December 31, 2012
150,000	300,000	-	June 3, 2013
-	-	2,000,000	December 31, 2013
200,000	300,000	-	June 3, 2014
$ 500,000	1,000,000	$ 3,000,000	

h) **Kalum Project:** On November 13, 2009, Eagle Plains Resources Ltd. and Windstorm Resources Inc. ("Windstorm") entered into an option agreement on the property. Under terms of the agreement, Windstorm may earn a 60% interest in the property by completing $3,000,000 in exploration expenditures, making $400,000 in cash payments, and issuing 500,000 voting class common shares to Eagle Plains. Windstorm may increase its interest to 75% by delivering a pre-feasibility study before December 31, 2016. A 1% NSR is held in favour of a third party, and may be purchased at any time for $1,000,000. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 10,000	50,000	$ -	On exchange approval – July 23, 2010 (received)
-	-	100,000	December 31, 2009 (completed)
30,000	50,000	200,000	July 23, 2011
70,000	100,000	500,000	July 23, 2012
100,000	100,000	800,000	July 23, 2013
190,000	200,000	1,400,000	July 23, 2014
$ 400,000	500,000	$ 3,000,000	

i) **Karin Lake Project:** On June 15, 2010, Eagle Plains Resources and Slater Mining Corporation ("Slater") entered into an option agreement on the Karin Lake property located 40 km east of Cameco's Key Lake deposit in north-central Saskatchewan. Under terms of the agreement, Slater may earn a 60% interest in the property by completing $3,000,000 in exploration expenditures, making $500,000 in cash payments, and issuing 1,000,000 common shares to Eagle Plains over four years. Payments are due as follows:

5. Mineral Properties - continued

Option Agreements - Third party earn in – continued

i) **Karin Lake Project – continued**

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 10,000	-	$ -	Date of agreement (received)
15,000	100,000	-	On exchange approval – Sept 16, 2010 (received)
-	-	200,000	December 31, 2010 (completed)
50,000	100,000	-	June 15, 2011
-	-	300,000	December 31, 2011
75,000	200,000	-	June 15, 2012
-	-	500,000	December 31, 2012
100,000	300,000	-	June 15, 2013
-	-	750,000	December 31, 2013
250,000	300,000	-	June 15, 2014
-	-	1,250,000	December 31, 2014
$ 500,000	1,000,000	$ 3,000,000	

j) **Sphinx Project:** On July 16, 2009 the Company executed a property purchase agreement with Touchdown Resources Inc. (formerly Touchdown Capital Inc) (“TCI”) whereby TCI purchased a 100% interest in the copper-gold-molybdenum project, located in British Columbia, by allotting and issuing to Eagle Plains 2,000,000 common shares of TCI. The shares are held in escrow and will be released from escrow as to 200,000 shares on the closing date and 300,000 shares every six months thereafter. The Company has received 800,000 shares as at December 31, 2010. The property is subject to a 2.5% NSR to a third party and a 1% NSR to Eagle Plains, to a maximum of $2,000,000.

Shares to be released from escrow as follows:

Share Instalments	Due Date
200,000	October 15, 2009 (received)
300,000	April 15, 2010 (received)
300,000	October 15, 2010 (received)
300,000	April 15, 2011
300,000	October 15, 2011
300,000	April 15, 2012
300,000	October 15, 2012
2,000,000	

k) **Wildhorse Project:** On March 11, 2010, Eagle Plains Resources Ltd. and Excelsior Mining Corp (“Excelsior”) entered into an option agreement on Eagle Plains' 100% owned Wildhorse project located 40km north of Cranbrook, B.C. Under the terms of the Agreement, Excelsior may earn a 60% interest in the property by completing $3,000,000 in exploration expenditures, making $250,000 in cash payments and issuing 1,000,000 shares to Eagle Plains over 4 years. Excelsior has an option to earn an additional 10% interest, thereby increasing its total interest in the Property to 70%, which may be exercised by exercising the Option, issuing a further 300,000 Excelsior shares and incurring further exploration expenditures totalling $1,000,000. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 5,000	-	$ -	On execution of agreement (received)
5,000	100,000	-	On exchange approval - May 14, 2010 (received)

5. Mineral Properties - continued

Option Agreements - Third party earn in – continued

k) **Wildhorse Project – continued**

Cash Payments	Share Payments	Exploration Expenditures	Due Date
-	-	200,000	December 31, 2010 (completed)
25,000	100,000	-	May 14, 2011
		300,000	December 31, 2011
50,000	200,000	-	May 14, 2012
		500,000	December 31, 2012
75,000	300,000	-	May 14, 2013
		750,000	December 31, 2013
90,000	300,000	-	May 14, 2014
		1,250,000	December 31, 2014
$ 250,000	1,000,000	$ 3,000,000	

On February 17, 2011, the Company received notice from Excelsior that they were terminating the option agreement.

Option Agreement- earn in

l) **Yellowjacket Project:** In 2009, the Company acquired a 40% interest in the Yellowjacket Gold Mine Project located east of Atlin, BC. Eagle Plains and Prize Mining Corp. ("Prize Mining") executed a formal agreement whereby the two parties formed a joint-venture (Note 15), "Yellowjacket Joint Venture", to immediately facilitate the production of gold and conduct further exploration and development of the Yellowjacket Zone on the Atlin Gold Property. Under terms of the agreement, Eagle Plains purchased a 40% interest in the project by providing $2,000,000 in working capital, effective at closing of the agreement. These funds were used to clear existing liens and obligations on the Property, in addition to completing upgrades of the existing mill facility and covering costs related to engineering, permitting and environmental compliance. There is an underlying option agreement with a third party which requires option payments of $200,000 by January 15, 2010 (paid) and an additional $200,000 by January 15, 2011 (subsequently paid) and reserves a 1.5% NSR for the third party.

A number of cash calls were made to Prize Mining during 2009. Prize Mining was unable to meet these cash calls whereby Eagle Plains increased their interest in the joint venture. The JV ownership ratio resulting from this dilution resulted in ownership interest changing to 59.62% for Eagle Plains and 40.38% for Prize Mining.

On August 18, 2010, Eagle Plains Resources Ltd announced the execution of a formal agreement whereby Eagle Plains purchased from Prize Mining Ltd. the remaining beneficial right, title and interest in the Yellowjacket Project, including mineral and placer rights, and all equipment and infrastructure currently in place on the Yellowjacket mine site by making a cash payment of $400,000 and issuing 2,000,000 common shares valued at $240,000 of Eagle Plains Resources.

6. Long term debt

	Dec 31 2010	Dec 31 2009
Mortgage, secured by land and building, repayable in monthly payments of $1,888 including interest at 5.75%, maturing March 2015	**$ 296,368**	$ -

During the year ended December 31, 2010 the Company paid $12,416 in interest.

7. Equity Instruments

a) Authorized
Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

Common Shares	Number of shares	Amount	Warrants	Contributed Surplus
Balance, December 31, 2008	63,305,598	$ 21,091,699	$ 508,552	$ 1,830,189
Issuance of shares - flow-through financing	3,704,272	846,140		
Issuance of shares - private placement	9,604,500	1,890,960		
Black Scholes value of warrants issued		(668,339)	668,339	
Stock-based compensation				302,213
Share issue costs, net of tax effect		(151,529)		
Balance, December 31, 2009	76,614,370	23,008,931	1,176,891	2,132,402
Issuance of shares – exercise of options	1,532,500	356,522		
Issuance of shares – exercise of warrants	2,081,512	562,223		
Issuance of shares - mineral properties	2,000,000	240,000		
Black Scholes - warrants exercised		162,107	(162,107)	
Black Scholes - warrants expired		508,552	(508,552)	
Black Scholes – options exercised		443,242		(443,242)
Shares to be cancelled	15,000			
Tax effect of flow-through financings		(211,535)		
Stock-based compensation				1,955,707
Share issue costs, net of tax effect		(4,076)		
Balance, December 31, 2010	**82,243,382**	**$ 25,065,966**	**$ 506,232**	**$ 3,644,867**

2010 share issuance
In the third quarter, the Company issued 2,000,000 shares, valued at $240,000, to Prize Mining Corporation as part of the purchase price for the remaining beneficial right, title and interest in the Yellowjacket Project, including mineral and placer rights, and all equipment and infrastructure in place on the Yellowjacket mine site. See Note 15.

In the fourth quarter, the Company issued 2,081,512 shares on the exercise of purchase warrants with exercise prices of $0.18 to $0.30 resulting in proceeds to the Company of $562,223.

In the fourth quarter, the Company issued 1,532,500 shares on the exercise of employee options with exercise prices of $0.25 to $0.40 resulting in proceeds to the Company of $356,522.

2009 share issuance
In the third quarter, the Company issued 8,107,500 non flow-through units and 1,040,000 flow-through units for gross proceeds of $1,881,500. Non flow-through units were sold at a price of $.20 per unit, each unit consisting of a non-flow-through common share and one-half non-flow-through common share purchase warrant, each whole warrant exercisable at $.30 for a 24 month period. Flow-through units were sold at a price of $.25 per unit, each unit consisting of a flow-through common share and a non-flow-through common share purchase warrant, each warrant exercisable at $.30 for a 24 month period.

The Company issued 575,500 Broker warrants with the third quarter financing, each whole warrant exercisable at $0.20 for a 24 month period expiring August 18, 2011.

7. Equity Instruments - continued

b) Issued and outstanding- continued

2009 share issuance- continued
In the fourth quarter, the Company issued 1,497,000 non flow-through units and 2,664,272 flow-through units for gross proceeds of $855,600. Non flow-through units were sold at a price of $.18 per unit, each unit consisting of a non-flow-through common share and one-half non-flow-through common share purchase warrant, each whole warrant exercisable at $.30 for a 18 month period. Flow-through units were sold at a price of $.22 per unit, each unit consisting of a flow-through common share and one-half non-flow-through common share purchase warrant, each whole warrant exercisable at $.30 for an 18 month period. All issued securities are subject to a hold period expiring April 12, 2010.

The Company issued 270,254 Broker warrants with the fourth quarter financing, each whole warrant exercisable at $0.18 for a 12 month period expiring December 11, 2010.

c) Stock Option Plan
The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

On June 9, 2006, the shareholders approved a plan of arrangement to reorganize the Company's mineral property assets in an effort to maximize shareholder value. Per the Plan of Arrangement, all option holders of record in Eagle Plains received, in addition to an Eagle Plains share, one share of Copper Canyon Resources Ltd. ("Copper Canyon") when the option is exercised. Proceeds from the exercise of options will be split between Eagle Plains 40.65% and Copper Canyon 59.35%. At December 31, 2010, 95,000 options are subject to the Plan of Arrangement.

As at **December 31, 2010**, the Company has the following stock options outstanding:

Total issued and outstanding	Number of Options	Option Price per Share Range[1]	Weighted Average Exercise Price
Balance, December 31, 2008	6,038,000	$0.25 - $1.40	$0.64
Options issued	720,000	$0.40	$0.40
Options expired/cancelled	(1,425,000)	($0.40 - $1.00)	($0.46)
Balance, December 31, 2009	5,333,000	$0.40	$0.40
Options issued	5,640,000	$0.25 - $1.00	$0.50
Options exercised	(1,532,500)	$0.25 - $0.40	$0.36
Options expired/cancelled	(1,618,000)	$0.40	$0.40
Balance, December 31, 2010	**7,822,500**	**$0.25 - $1.00**	**$0.48**

[1] On May 22, 2009, the Company re-priced 5,438,000 options from exercise prices ranging from $0.50 to $1.40 and expiring from September 20, 2009 to June 20, 2013, setting a new exercise price of $0.40. The vesting provisions and expiry dates of the re-priced options remain unchanged.

7. Equity Instruments - continued

c) Stock Option Plan- continued

The following table summarizes information about stock options outstanding at **December 31, 2010:**

Options outstanding Dec 31, 2010	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
95,000[1]	**$0.40**	**0.50 years**	**95,000**	**$0.40**
525,000	**$0.40**	**1.00 years**	**525,000**	**$0.40**
175,000	**$0.40**	**1.25 years**	**175,000**	**$0.40**
110,000	**$0.40**	**1.25 years**	**110,000**	**$0.40**
1,050,000	**$0.40**	**2.50 years**	**1,050,000**	**$0.40**
600,000	**$0.40**	**3.50 years**	**600,000**	**$0.40**
2,197,500	**$0.25**	**4.50 years**	**955,000**	**$0.25**
1,180,000	**$0.25**	**4.75 years**	**1,180,000**	**$0.25**
1,890,000	**$1.00**	**5.00 years**	**1,890,000**	**$1.00**
7,822,500	**$0.48**		**6,580,000**	**$0.53**

[1] subject to the Plan of Arrangement with Copper Canyon

The following table summarizes information about stock options outstanding at December 31, 2009:

Options Outstanding Dec 31, 2009	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
793,000	$0.40	0.25 years	773,000	$0.40
625,000	$0.40	0.50 years	625,000	$0.40
845,000	$0.40	1.00 years	845,000	$0.40
95,000	$0.40	1.50 years	75,000	$0.40
600,000	$0.40	2.00 years	600,000	$0.40
175,000	$0.40	2.25 years	175,000	$0.40
115,000	$0.40	2.25 years	115,000	$0.40
100,000	$0.40	3.00 years	60,000	$0.40
1,285,000	$0.40	3.50 years	1,285,000	$0.40
700,000	$0.40	4.50 years	370,000	$0.40
5,333,000	$0.40		4,923,000	$0.40

d) Compensation expense for share options

As at December 31, 2010, $1,955,707 (2009 – $144,504) has been recorded as stock based compensation related to the options issued and vested during the year and $Nil (2009 - $157,709) relating to options re-priced during the year. Compensation expense has been determined based on the estimated fair value of the options at the grant and re-price dates and amortized over the vesting period.The Company valued the options issued and re-priced using the Black-Scholes model with the following weighted average assumptions:

	2010	2009
Expected annual volatility	**100**%	93%
Expected risk free rate	**2.6**%	2.3 %
Expected term	**5 yrs**	5 yrs
Expected dividends	**Nil**	Nil
Fair value:		
exercise price exceeds market price on grant date	**$0.07**	$0.15
exercise price equals market price on grant date	**$0.27**	-

7. Equity Instruments - continued

e) Warrants outstanding

At **December 31, 2010**, the Company has the following share purchase warrants outstanding:

	Number	Price
Balance, December 31, 2008	5,241,300	$1.00
Issued	8,020,140	$0.18 - $0.30
Balance, December 31, 2009	13,261,440	$0.18 - $1.00
Expired	(5,241,300)	($1.00)
Exercised	(2,081,512)	($0.18 - $0.30)
Balance, December 31, 2010	**5,938,628**	**$0.20 - $0.30**

The following table summarizes information about warrants outstanding at **December 31, 2010:**

Expiry	Number	Price
June 11, 2011	1,486,023	$0.30
June 23, 2011	21,375	$0.30
August 18, 2011	277,500	$0.20
August 18, 2011	4,153,730	$0.30
	5,938,628	

The Company issued 8,020,140 warrants as part of the 2009 private placement financings noted in Note 7(b). The warrants were valued at $668,339 using the Black-Scholes option pricing model on the date of grant and were included in warrants at December 31, 2009. The grant-date fair value for the warrants was estimated using the following weighted average assumptions: no dividends are to be paid; annual volatility of 99%; risk free rate of 1.38%; and expected life of 1.84 years.

f) Shareholder rights protection plan

The shareholders have approved a plan which the directors intend to implement at their discretion to provide adequate time for the shareholders and the directors to seek alternatives to, and to assess the merits of, bids for the shares of the Company. This plan attaches special rights to the issued shares of the Company. These special rights are void to a bidder who seeks to acquire more than 20% of the voting shares of the Company.

8. Per Share Amounts

The calculation of per share amounts have been calculated based on the weighted average number of shares outstanding during the year ended December 31, 2010 of 77,551,515 shares (2009–66,837,130). The net effect of applying the treasury-stock method to the weighted average number of shares outstanding had an anti-dilutive effect for the years ended December 31, 2010 and 2009.

9. Related Party Transactions

The Company was involved in the following related party transactions during the year:

(a) The Company is related to Apex Diamond Drilling Ltd. ("Apex") through ownership of 10% of the shares of Apex. At December 31, 2010 Eagle Plains' interest in Apex is as follows:

	2010	2009
Shareholder loan, interest free, no specific terms of repayment	**$ 20,000**	$ 20,000
Shares in Apex	**20**	20
	$ 20,020	$ 20,020

During the year the Company had the following transactions with the related company:

	2010	2009
Drilling services provided by Apex	**$ 59,271**	$ -
Proceeds received from Apex on sale of equipment	**48,000**	-
Payments received for share of income	**-**	163,695

(b) The Company is related to Copper Canyon Resources Ltd. ("CPY") through common directors. During the year the Company had the following transactions with the related company:

	2010	2009
Management fees received	**$ 30,000**	$ 30,000
Due to CPY for EPL options exercised	**200,603**	-
Invoiced CPY for services provided by EPL	**51,440**	45,585
Invoiced CPY for services provided by Terralogic	**268,696**	85,394

At December 31, 2010, $22,298 (2009 - $53,158) is included in accounts receivable and $200,603 (2009 - $Nil) is included in accounts payable.

(c) Included in administration expenses is $7,802 (2009 - $18,975) paid for accounting services and related expenses to Glen Diduck, a director and officer of the Company.

(d) Included in professional fees is $63,536 (2009 - $61,644) paid for legal fees to a law firm of which one of the directors, Darren Fach, is a partner. At December 31, 2010, $Nil (2009 - $1,772) is included in accounts payable and accrued liabilities.

(e) Included in administration expenses is $32,250 (2009 - $32,000) paid for directors fees.

(f) Included in administration expenses is $84,000 (2009 – $48,500) paid for consulting fees to a director and officer of the Company.

(g) The Company granted 3,500,000 options, with exercise prices of $0.25 - $1.00 and expiry dates of April 30, 2015 to December 10, 2015, to directors of the Company.

(h) The Company issued 650,000 shares to directors of the Company on the exercise of options, resulting in proceeds of $141,300 to the Company.

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

10. Commitments and Contingencies

The Company has a mortgage on its office building repayable in monthly payments of $1,888 including interest at 5.75% which matures in March 2015.

The Company has a truck lease payable of $1,153 per month expiring September 29, 2012.

The Company is presently being audited by Canada Revenue Agency with respect to flow-through and BC mining tax credit filings going back through 2005. The potential reassessment, if any, cannot be reasonably estimated.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification.

11. Financial Instruments

CICA Handbook Section 3862 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – 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); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

December 31, 2010	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 3,633,401	$ -	$ -	$ 3,633,401
Investments	$ 3,408,392	$ 2,064,023	$ 477,000	$ 5,949,415

December 31, 2009	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 2,741,680	$ -	$ -	$ 2,741,680
Investments	$ 2,710,370	$ 341,135	$ 477,001	$ 3,528,506

As disclosed in Note 2(b), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk and price risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a) Concentration risk
At December 31, 2010 and 2009, substantially all of the Company's cash was held at two recognized Canadian National financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies, involved in gold exploration.

11. Financial Instruments - continued

b) Credit risk
The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with accounts receivable is the carrying value.

c) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The company believes that these sources will be sufficient to cover the likely short and long term cash requirements.

d) Currency risk
Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2010 the Company has cash of $18,662 (2009 - $47,427) in US$.

e) Price risk
The Company's investments designated as available-for-sale are traded on the TSX Venture Exchange and TSE. A 1% change in the cumulative quoted share price would change the fair value of the investments by approximately $45,000. The change would be recorded in Accumulated Other Comprehensive Income (Loss).

12. Statement of Cash Flow

Non-cash investing activities:

Pursuant to certain mineral property option agreements, the Company received 2,900,000 (2009 – 4,450,000) shares with an attributed value of $1,488,248 (2009 - $244,742). Included in accounts payable is $70,436 (2009 - $nil) of expenditures for mineral exploration properties and in accounts receivable is $91,496 (2009 - $52,117) for exploration grants.

Non-cash finance activity:

Pursuant to the purchase of Prize Mining Corp's remaining interest in the Yellowjacket Joint- Venture (Note 15) the company issued 2,000,000 (2009 – nil) common shares with a value to $240,000 (2009 - $nil).

At December 31, 2010, the Company held cashable guaranteed investment certificates (GIC's) and term deposits bearing interest rates from 0.80% to 1.08% (2009 – 0.10% to 0.46%) with maturity terms of January 6, 2011 to January 25, 2011 (2009– January 4, 2010 to January 13, 2010). All of these investments are cashable before maturity and have been treated as cash equivalents.

13. Income Taxes

As of December 31, 2010, the effective tax rate of income tax varies from the statutory rate as follows:

	2010	2009
Statutory tax rates	28.50%	30%
Expected income tax expense at statutory rates	$(287,645)	$(2,075,933)
Stock compensation	557,376	90,664
Loss (gain) on sale of long-term investments	(109,536)	21,656
Adjustment to opening tax pools	-	9,910
Rate change	(19,991)	311,758
Tax benefits recognized	(455,217)	-
Change in valuation allowance	(132,120)	991,966
Other permanent differences	2,589	19,861
	$(444,544)	$(630,118)

The components of the Company's future income tax liability are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of temporary differences	2010	2009
Property and equipment	$ 363,604	$ 491,287
Investments	(274,968)	(40,600)
Unused tax losses carried forward	721,982	459,431
Cumulative eligible capital	2,714	2,918
Share issue costs	46,514	78,930
Future income tax	859,846	991,966
Valuation allowance	(859,846)	(991,966)
Future income tax liability	$ -	$ -

As of December 31, 2010, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	2010	2009
Undepreciated capital cost	$2,272,192	$1,878,746
Cumulative eligible capital	10,851	11,668
Non-capital losses carried forward	2,887,927	1,837,725
Cumulative Canadian exploration and development expenses	4,845,735	6,031,032
Undeducted share issue costs carried forward	186,057	315,716
	$ 10,202,762	$ 10,074,887

At December 31, 2010 the non-capital tax losses of $2,887,927 available for carry-forward to reduce future years' taxable income, expires as follows:

2029	$ 1,837,725
2030	1,050,202
	$ 2,887,927

14. Accumulated other comprehensive income

A future income tax liability of $274,968 (2009 - $40,600) has been recorded as a result of the accumulated other comprehensive gain. The balance of accumulated other comprehensive income is entirely comprised of unrealized gains and losses on available for sale investments.

15. Joint Venture Operation

The Company entered into a Joint Venture Agreement ("JVA") with Prize Mining Ltd. ("Prize Mining") whereby the two parties formed a joint venture, Yellowjacket Joint Venture, to facilitate the production of gold and conduct further exploration and development of the Yellowjacket Zone on the Atlin Gold Property. Eagle Plains purchased a 40% interest in the project by providing $2,000,000 in working capital. A cash call was made in July which Prize Mining was unable to satisfy whereby Eagle Plains increased their interest in the joint venture from 40% to 52.244% by providing $1,350,000. A second cash call was made on December 15, 2009 which Prize Mining was again unable to satisfy whereby Eagle Plains increased their interest in the joint venture from 52.244% to 58% by providing the full $862,564. In light of Prize Mining's diluted interest and inability to satisfy the cash calls, the Company determined that it had acquired control of the joint venture. Accordingly, the Company consolidated the results of the joint venture with those of the Company.

On August 19th, 2010, Eagle Plains Resources Ltd. completed the purchase of Prize Mining Corp's remaining interest in the Yellowjacket Joint- Venture ("YJV") with an effective date of August 18th, 2010. Eagle Plains now holds a 100% interest in the project, subject to a 1.5% NSR. The YJV has been dissolved and Eagle Plains is the sole owner and operator of the project.

Under the terms of the original JVA, Eagle Plains earned an initial 40% interest in the Project from Prize by making a $2,000,000 cash payment. Since commencing activities, Eagle Plains has advanced the JV an additional amount of approximately $2,600,000. Prize Mining subsequently agreed to accept dilution of its interest in the project in accordance with a formula established in the YJV agreement. Prior to the purchase of the remaining Prize interest and dissolution of the YJV, Eagle Plains held a 59.62% interest. The total consideration for the purchase of Prize's remaining 40.38% interest was $400,000 cash plus 2,000,000 Eagle Plain common shares. These shares are subject to escrow restrictions over a two year period releasable as to 500,000 every six months commencing August 18, 2010. During the year ended December 31, 2010, 500,000 of the escrow shares were released and as at December 31, 2010, 1,500,000 shares remain in escrow.

The consolidated financial statements include the accounts of the Yellowjacket Venture Joint Venture as follows:

	Dec 31 2009
Assets	
Cash	$ 97,304
Accounts receivable	79,423
Property and equipment	1,222,194
Long term investment	150,000
Mineral exploration properties	2,636,475
	$ 4,185,396
Liabilities and equity	
Accounts payable	$ 184,323
Equity	7,262,564
Deficit	(3,261,491)
	$ 4,185,396

15. Joint Venture Operation- continued

	Dec 31 2009
Revenue	$ 36,803
Expenses	(3,298,294)
Loss for the year	$ (3,261,491)

The non-controlling interest is summarized as follows:

Balance, December 31, 2008	$ -
Non-controlling interest shareholder's contribution	3,050,000
Operation sharing for the year	(1,735,398)
Balance, December 31, 2009	1,314,602
Operation sharing for the year	(91,613)
Reduction in mineral property costs	(1,046,657)
Cash paid by the Company	(400,000)
Shares issued by the Company	(240,000)
Loss on acquisition of non-controlling interest	463,668
Balance, December 31, 2010	$ -

The reduction in minority interest of $1,046,657 was recorded as a reduction in mineral property costs (Note 5).

16. Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, contributed surplus and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2010. The Company is not subject to externally imposed capital requirements.

17. Subsequent Events

a) On February 1, 2011, Eagle Plains and Aben Resources Ltd. (“Aben”) entered into an Acquisition Agreement whereby Aben will acquire a 100% interest in two non-contiguous mineral exploration properties known as the Hit and Justin (Sprogge) projects, covering approximately 2,130 hectares located in the eastern Yukon Territory (the “Yukon Claims”). Pursuant to the terms of the Acquisition Agreement, Aben has also acquired a proprietary database owned by Eagle Plains and the right to certain potential prospecting permits in the Mackenzie Mountain area of the Northwest Territories (the “Permits”). The Permits are subject to an approval process and, if approved, Aben will be granted the exclusive right to stake claims in the Permit areas for up to a period of three years. Upon receipt of acceptance of the Acquisition Agreement by the TSX Venture Exchange, Aben issued a total of 5,000,000 common shares to Eagle Plains. Aben will also make a cash payment of approximately $150,000 to reimburse Eagle Plains for the Northwest Territories permitting costs. The Yukon Claims and any property to be acquired by staking in the Permit areas shall be subject to a three percent (3%) net smelter return royalty (“NSR”) in favour of Eagle Plains. Aben has been granted a right to purchase a 2% NSR at any time prior to commencement of commercial production for the consideration of $2,000,000 (the “Buy Down Option”).

b) On February 17, 2011, the Company received 5,000,000 shares of Aben Resources Ltd. per the Acquisition Agreement on the Hit and Justin properties. The shares were recorded at a value of $1,205,000.

c) On February 17, 2011, Excelsior Mining Corp. terminated the option agreement on the Wildhorse property.

d) On February 15, 2011, Eagle Plains and Aben entered into an Option Agreement whereby Aben may earn a 100% interest in the Rusty Springs Property, located north of Dawson City, Yukon. Under terms of the agreement, Aben has the option to earn a 100% interest in the 1,100 ha property by making $500,000 in cash payments and issuing 1,500,000 common shares to Eagle Plains over 5 years. The property shall be subject to a three percent (3%) net smelter return royalty (“NSR”) in favour of Eagle Plains.

e) On February 23, 2011, Eagle Plains and Rosedale Resources Ltd. (“Rosedale”) (a private B.C. company) entered into an agreement whereby Rosedale may earn an interest in the Rohan copper-gold property, located in northwestern British Columbia. Under terms of the agreement, Rosedale has the option to earn a 60% interest in the 3,000 hectare property by completing $5,000,000 in exploration expenditures, making $500,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains over 5 years. Eagle Plains will maintain a 4% Gross Metal Royalty on the claims, which may be reduced to 2% upon payment of $2,000,000.

f) On March 8, 2011, Eagle Plains announced that a letter of intent was executed with Minerals and Metals Group (“MMG”) whereby Eagle Plains has agreed to grant an option to MMG to earn a 60% interest in Eagle Plains' 100% owned Findlay/Greenland Creek properties (the “Project”), located 30 kilometers north of Kimberley, in south-eastern B.C. Under terms of the proposed agreement, MMG may earn a 60% interest in the 33,500 hectare property by making staged cash payments to EPL totalling $500,000 and completing $5,000,000 in exploration expenditures over 5 years. MMG may earn an additional 15% interest (for a total of 75%) by delivering a bankable feasibility study by 2021.

g) Subsequent to the year end 497,787 warrants and 225,000 options have been exercised resulting in proceeds to the Company of $145,336 and $42,429.

18. Comparative figures

The comparative financial statements have been reclassified from statements previously presented to conform to the consolidated financial statement presentation adopted in the current year.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Schedule of Mineral Exploration Properties

December 31, 2010 and 2009

	Dec 31 2009	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Write down of mineral properties	Option Proceeds in excess of carrying value	**Dec 31 2010**
British Columbia	$ 2,831,842	$ 108,923	$ (761,090)	$ (5,790)	$ 205,925	**$ 2,379,810**
Atlin-Yellowjacket	2,636,475	697,980	-	(1,046,657)	**-**	**2,287,798**
NW Territories	3	124,618	-	**-**	**-**	**124,621**
Yukon Territory	82,238	319,964	(109,520)	(41,553)	**-**	**251,129**
Saskatchewan	16,725	60,575	(917,396)	**-**	894,310	**54,214**
	$ 5,567,283	$ 1,312,060	$(1,788,006)	$(1,094,000)	$ 1,100,235	**$ 5,097,572**

	Dec 31 2008	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Write down of mineral properties	Option proceeds in excess of carrying value	Dec 31 2009
British Columbia	$ 3,385,706	$ 281,476	$ (333,218)	$ (513,905)	$ 11,783	$ 2,831,842
Atlin Mine (Yellowjacket)	-	2,636,475	-	-	-	2,636,475
NW Territories	3,972,178	2,732	(79,523)	(3,895,384)	-	3
Yukon Territory	9	139,689	(52,117)	(5,343)	-	82,238
Saskatchewan	64,540	20,136	(71,314)	(650)	4,013	16,725
	$ 7,422,433	$ 3,080,508	$ (536,172)	$(4,415,282)	$ 15,796	$ 5,567,283