

**ARIANNE RESOURCES INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENT (UNAUDITED)
NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011 AND 2010**

CONSOLIDATED FINANCIAL STATEMENTS

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ARIANNE RESOURCES INC.**CONSOLIDATED BALANCE SHEETS (unaudited)**

	Notes	30 September 2011	31 December 2010	1 st January 2010
		\$	\$	\$
ASSETS				
Current				
Cash	4	4 570 222	1 752 598	18 683
Term deposit	4	4 155 259	-	-
Trade and other receivable	5	30 912		
Taxes on products and services to receive		333 519	95 782	83 096
Available-for-sale investments	6	871 582	7 250	-
Other current assets	7	11 921	113 862	7 852
Tax credit and mining rights receivables		392 116	74 116	576 859
Current assets		10 365 531	2 043 608	686 490
Non-current				
Cash reserved for exploration and evaluation		-	643 556	194 609
Mining properties	8	1 226 925	1 013 712	867 932
Exploration and evaluation assets	9	7 468 027	4 240 784	5 507 598
Non-current assets		8 694 952	5 898 052	6 570 139
Total assets		19 060 483	7 941 660	7 256 629
LIABILITIES				
Current				
Accounts payable and other liabilities		602 198	318 325	239 136
Current portion of long-term debt		-	-	3 540
Current liabilities		602 198	318 325	242 676
Non-current				
Deferred tax liabilities		392 810	150 810	472 600
Total liabilities		995 008	469 135	715 276
Equity				
Share capital	10	22 662 314	14 327 861	11 901 731
Contributed surplus		4 979 466	4 189 374	3 142 680
Warrants		4 314 337	1 513 396	424 443
Deficit		(14 514 672)	(12 555 356)	(8 927 501)
Accumulated other comprehensive income		624 030	(2 750)	-
Total equity		18 065 475	7 472 525	6 541 353
Total liabilities and equity		19 060 483	7 941 660	7 256 629

ON BEHALF OF THE BOARD,

_____, Director

_____, Director

ARIANNE RESOURCES INC.

CONSOLIDATED EARNINGS (unaudited)

THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30

	Three-months period ended September 30, 2011	Nine-months period ended September 30, 2011	Three-months period ended September 30, 2010	Nine-months period ended September 30, 2010
INCOME				
Interest	27 016	38 687	110	109
Gain on change rate	(1 963)	961	-	-
	<u>25 053</u>	<u>39 648</u>	<u>110</u>	<u>109</u>
ADMINISTRATIVE EXPENSES				
Salaries and employee benefits (note 12)	71 451	186 469	-	-
Stock-based compensation expense	365 750	552 806	100 000	220 000
Professional and consultant fees	13 813	93 434	3 909	16 409
Management fees	27 736	67 547	22 100	64 100
Registration and listing fees	19 377	61 966	4 454	39 096
Annual general meeting	-	18 604	1 674	15 582
Formation	2 998	5 299	-	-
Advertising	22 809	78 366	8 170	37 037
Travelling and promotion	30 256	101 132	7 539	35 980
Relation with investors	27 801	70 191	1 624	9 007
Insurance	4 353	8 473	2 188	6 564
Rent and office expenses	13 786	40 837	5 119	12 901
Interest and bank expenses	574	1 155	286	786
Part XII.6 tax	-	-	-	71 455
	<u>(600 704)</u>	<u>(1 286 279)</u>	<u>(157 063)</u>	<u>(528 917)</u>
	<u>(575 651)</u>	<u>(1 246 631)</u>	<u>(156 953)</u>	<u>(528 808)</u>
GAIN (LOSS) ON DISPOSAL				
Gain (loss) on disposal of properties	-	(276 245)	-	10 000
Gain (loss) on disposal of investments	115 426	284 083	-	-
	<u>115 426</u>	<u>7 838</u>	<u>-</u>	<u>10 000</u>
NET EARNINGS FOR THE PERIOD	(460 225)	(1 238 793)	(156 953)	(518 808)
NET OTHER COMPREHENSIVE INCOME				
Available-for-sale investments				
Net from future tax unrealized gain 242 000 \$ in 2011 (0\$ en 2010)	(137 726)	624 030	-	101 000
COMPREHENSIVE INCOME FOR THE PERIOD	(597 951)	(614 763)	(156 953)	(417 808)
BASIC AND DILUTED GAIN (LOSS) PER SHARE	(0,009)	(0,009)	(0,005)	(0,014)

ARIANNE RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

	Share capital	Contributed surplus	Warrants for sale	Available equity financial assets	Deficit	Total
	\$	\$	\$	\$	\$	\$
BALANCE AS AT JANUARY 1, 2010	11 901 731	3 142 680	424 443	-	(8 927 501)	6 541 353
Net earnings for the period					(2 986 172)	(2 986 172)
Future income taxes relating flow-through shares					(70 200)	(70 200)
Shares-based compensation costs					(571 483)	(571 483)
Issuance of flow-through shares f	1 376 780					1 376 780
Issuance of shares on private investment financing	2 060 069					2 060 069
Issuance of shares on warrants exercised	288 198					288 198
Value assigned to warrants	112 583		(112 583)			-
Warrants granted	(1 469 000)		1 469 000			-
Warrants expired		267 464	(267 464)			-
Options granted under the plan		526 408				526 408
Options granted to brokers		252 822				252 822
Issuance of shares for acquisition of mining properties	37 500					37 500
Issuance of shares in settlement of debts	20 000					20 000
Other comprehensive income				(2 750)		(2 750)
BALANCE AS AT DECEMBER 31, 2010	14 327 861	4 189 374	1 513 396	(2 750)	(12 555 356)	7 472 525
Net earnings for the period					(1 238 793)	(1 238 793)
Flow-through financing	1 250 000					1 250 000
Hard-cash	8 000 000					8 000 000
Value assigned to warrants	(3 240 000)		3 240 000			
Share issuance expenses					(720 523)	(720 523)
Issuance of shares on warrants exercised	1 163 111					1 163 111
Value assigned to warrants	428 349		(428 349)			
Stock options cashed exercised	366 800					366 800
Value assigned to option exercised	366 193	(366 193)				
Options granted under the plan		1 145 575				1 145 575
Expired warrants		10 710	(10 710)			
Other comprehensive income				626 780		626 780
BALANCE AS AT SEPTEMBER 30, 2011	22 662 314	4 979 466	4 314 337	624 030	(14 514 672)	18 065 475

ARIANNE RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

BALANCE AS AT JANUARY 1, 2010	11 901 731	3 142 680	424 443	-	(8 927 501)	6 541 353
Net earnings for the period					(417 808)	(417 808)
Flow-through financing	275 600					275 600
Hard-cash	327 994					327 994
Share issuance expenses					(25 620)	(25 620)
Issuance of shares on warrants exercised and cashed						
Value assigned to warrants			118 275			118 275
Acquisition of properties	22 500					22 500
Options granted under the plan		220 000				220 000
Expired warrants		201 121	(201 121)			-
Other comprehensive income						
BALANCE AS AT SEPTEMBER 30, 2010	12 527 825	3 563 801	341 597	-	(9 370 929)	7 062 294

ARIANNE RESOURCES INC.

CONSOLIDATED CASH FLOWS (unaudited) THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30

	Three-months period ended September 30, 2011	Nine-months period ended September 30, 2011	Three-months period ended September 30, 2010	Nine-months period ended September 30, 2010
OPERATING ACTIVITIES				
Net loss	(460 225)	(1 238 793)	(156 953)	(518 808)
Items not involving cash :				
Stock-based compensation	365 750	552 806	100 000	220 000
Gain on disposal of investments	(115 426)	(284 083)	-	-
Loss on disposal of properties	-	18 753	-	-
Loss (gain) on disposal of exploration and evaluation assets	-	257 492	(10 000)	(10 000)
	(209 901)	(693 825)	(66 953)	(308 808)
Net change in non-cash operatin working capital items	169 691	(200 835)	11 864	48 501
	(40 210)	(894 660)	(55 089)	(260 307)
Investment activities				
Acquisition of term deposit	(4 150 811)	(4 150 811)	-	-
Sale of mining properties	-	-	10 000	10 000
Tax credit and mining rights received	-	-	-	546 169
Cash reserved for exploration and evaluation	1 195 920	643 556	240 433	9 844
Mining properties	(6 535)	(231 966)	(14 923)	(85 149)
Exploration and evaluation assets	(1 363 801)	(2 891 966)	(208 045)	(739 908)
	(4 325 227)	(6 631 187)	27 465	(259 044)
Financing activities				
Issuance of shares and warrants	-	9 250 000	-	721 869
Cash inflow relating to share capital and warrants	201 356	1 163 111	-	-
Share issuance expenses	-	(720 523)	-	(25 620)
Cash inflow relating to stock options exercised	30 000	366 800	-	-
Proceed from investments disposal	115 426	284 083	-	-
Payments on long-term debt	-	-	-	(3 540)
	346 782	10 343 471	-	692 709
CASH INCREASE (DECREASE)	(4 018 655)	2 817 624	(27 624)	173 358
CASH, BEGINNING OF THE YEAR	8 588 877	1 752 598	164 417	18 683
CASH, END OF THE YEAR (NOTE 4)	4 570 222	4 570 222	192 041	192 041
ADDITIONOAL INFORMATION				
Interest paid	<u>469</u>	<u>1 155</u>	<u>-</u>	<u>-</u>
Interest received	<u>7 415</u>	<u>19 086</u>	<u>-</u>	<u>-</u>

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

1. STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Arianne resources Inc. (the "Company"), incorporated under the Quebec Business Corporations Act, is engaged in the acquisition and exploration of mining properties. Its activities are in Canada and it also holds an option to acquire a mining property in Mexico. It is quoted on the TSX Venture (Toronto, Canada) and its shares trade under the symbol DAN, it is also quoted on American Stock Exchange Over-the Counter QX (OTCQX) under the symbol DRRSF.

On June 2011, the Company has modified his status to be conform to the Quebec Business Corporations Act.

The main office is located at 30 rue Racine, suite 160, Chicoutimi, Quebec, Canada G7H 1P5.

These interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

The Board of Directors approved these unaudited interim consolidated financial statements on November 16, 2011.

2. BASIS OF PREPARATION AND FIRST TIME ADOPTION OF IFRS

The consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the Accounting Standards Board of Canada. Those accounting policies are based on the IFRS and International Financial Reporting Interpretations Committee ("IFRIC") that the Company expects to be applicable at that time.

The consolidated interim financial statements were previously prepared under Canadian Generally Accepted Accounting Principles («GAAP»). The transition date to IFRS is January 1, 2010. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 19 which includes a reconciliation of equity and income statement for the comparative period and of equity at the date of transition reported under Canadian Generally Accepted Accounting Principles ("GAAP") to those reported for that period and at the date of transition under IFRS.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of the going-concern assumption, meaning that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Basis of preparation

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The note describes the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

IFRS do not regulate accounting policies for flow-through shares and their fiscal treatment. The Company has adopted the same position for treatments as the Mining Workgroup on IFRS created by the Canadian Institute of Chartered Accountants (CICA) and the Prospectors and Developers Association of Canada (PDAC).

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

2. BASIS OF PREPARATION AND FIRST TIME ADOPTION OF IFRS (continued)

Management makes 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:

- the collectability of amounts receivable;
- recovery of Mining Exploration Tax Credits;
- balances of accrued liabilities;
- the fair value of financial instruments;
- the rates for amortization of equipment;
- the recoverability of investment;
- determination of asset retirement and environmental obligations;
- the utilization of future income tax assets; and
- the determination of the variables used in the calculation of share-based payments.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows.

The interim financial statements were prepared on a historical cost basis except for financial instruments, which are classified as available-for-sale.

The attached financial statements have been prepared on the assumption of the continuity of the exploitation that which the Company plans to realize its assets and resolve its liabilities in the normal course of its activities. The Company has yet to determine if the mining properties contain ore reserves that can be economically exploited. The exploration of the fair value of the mineral deposits implies important financial risk. The success of the Company will depend on certain variables, one of which is the relatable risk of exploration and extraction.

For the period ending September 30 2011, the Company registered a net loss of \$614,763 (\$417,808 in 2010). Management periodically searches for means of obtaining financing under the form of emitting flow through shares, subscription bonds and share options as to be able to peruse its activities. Even though, this has been possible in the past there is no guarantee that it will continue to success in the future. Should management be unable to obtain new funds, the Company could then be unable to continue its activities, and the realized amounts as an asset could then be of a lesser value than what is presented in the financial statements.

These changes have no incidence on the Company.

Principal accounting policies used for the quarter financial statements are described in note 3.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Standards, amendments and interpretations of the existing standards that had not yet come into effect & that the Company has not adopted in a forward manner.

At the date of the authorisation of these consolidated interim financial statements, new accounting regulations, existing standards, and new amendments were published, but had not yet been adopted in a forward manner by the Company.

Management plans to adopt these new accounting standards that have yet to be adopted in the Company's accounting methods. This will take place following the date of entry of each new position. Information on the new standard, interpretations and the new amendments that are pertinent to the financial statements of the Company will be given in the following information.

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2011 reporting period:

IFRS 9, Financial Instruments, addresses classification and measurement of financial instruments and replaces the multiple category and measurement models in IAS 39, Financial Instruments - Recognition and Measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). IFRS 9 is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard.

IFRS 10: "Consolidated Financial Statements" (effective from January 1, 2013): The IASB aims to replace SIC-12, "Consolidation – Special Purpose Entities" and parts of IAS 27 "Consolidated and Separate Financial Statements". The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a Corporation's consolidated financial statements. The standard provides additional guidance to assist in the determination of control where it is difficult to assess. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Management has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

IFRS 11: "Joint Arrangements" (effective from January 1, 2013): The IASB aims to replace IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers". IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as is currently the case under IAS 31. The standard addresses inconsistencies in the reporting of joint arrangements by requiring the equity method to account for interests in jointly controlled entities. Under the equity method, the Corporation's share of net assets, net income and other comprehensive income of joint ventures will be presented as one-line items on the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income, respectively. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Management has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Standards, amendments and interpretations of the existing standards that had not yet come into effect & that the Company has not adopted in a forward manner (continued)

IFRS 12: "Disclosure of interests in Other Entities" (effective from January 1, 2013): IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The standard requires an entity to disclose information regarding the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Management has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

IFRS 13: "Fair value measurement" (effective from January 1, 2013): IFRS 13 will improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Management has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

Amendments to other standards: In addition, there have been amendments to existing standards, including IAS 27, IAS 28 and IAS 1. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in nonconsolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRSs 10 to 13. IAS 1 has been amended to change the disclosure of items presented in other comprehensive income, including a requirement to separate items presented in other comprehensive income into two groups based on whether they may be recycled to profit or loss in the future.

3.2 Basis of consolidation

The interim consolidated financial statements include the accounts of the Parent company and its subsidiaries at September 30, 2011. Subsidiaries are all entities that the Company has the power to govern the financial and operational. The Company's subsidiaries are 100% owned by the parent company. The consolidated financial statements comprise the financial statements of the Group as at December 31.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions are eliminated. Unrealized loss on assets sales relying from an intra-group transaction, the underlying asset is subject to a depreciation test from the Company's perspective. The amounts presented in the financial statements of the subsidiaries are re-adjusted to respect the accounting standards adopted by the Parent Company.

The result or other elements of the global subsidiaries acquired or surrenders during the period are accounted in part at the actual date of the acquisition or until the actual date of surrender.

NOTES TO FINANCIAL STATEMENTS (unaudited)SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.2 Basis of consolidation (continued)**

All intra-group balances, transactions, incomes and expenses resulting from intra-group transactions are eliminated in full.

Subsidiary

Information on subsidiaries September 30, 2011 are as follows:

Name of subsidiary	Main activity	Act of incorporation	Interest and Right to vote
Oroplata Inc	Inactive	The Company Act Part 1A	100%
Phosphate Canada Inc	Inactive	The Compagnie Act Part 1A	100%

3.3 Business Combinations

The acquisition method of accounting is used to account for acquisitions. The counterpart transferred by the Company to obtain the control of a subsidiary is calculated as a sum, a the acquisition date, fair value of the assets and transfers, debts incurred and the part of the Capital assets given by the Company, to which contains the fair value of all assets and liabilities resulting in eventual agreement. The cost of acquisition is accounted as expenses when they are incurred.

In the process of grouping its subsidiaries, the Company accounted its identifiable assets acquired and its retained liabilities, including eventual liabilities and this, no matter if it was accounted for in the financial statements of the acquired company before its acquisition. The assets acquired and the retained liabilities are generally evaluated at their fair value at the acquisition date.

3.4 Foreign currency translation**Presentation currency and translation of foreign-currency transactions**

The consolidated financial statements of the Company and its subsidiaries are presented in Canadian dollars, which is the functional currency. Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss for the period, except for exchange differences relating to borrowings to hedge net assets denominated in the consolidated subsidiaries' currency. These differences are recognized directly in equity as currency translation differences until the disposal of the net investment. Exchange differences arising from operating transactions are recorded in operating profit for the period; exchange differences related to financing transactions are recognized in finance income or in equity.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Revenue Recognition

Investment transactions are accounted for on the transaction date and resulting revenues are recognized using the accrual basis.

3.6 Mining Rights Credit, Refundable Tax Credit Relating to Resources and Commitments Relating to these Credits

The Company is entitled to a mining rights credit for mining exploration expenses in Quebec.

Furthermore, the Company is entitled to a refundable tax credit relating to resources for mining exploration companies on eligible expenses incurred in Quebec.

These tax credits are accounted in reduction of the exploration fees engaged in the IAS20 and are presented distinctly in the consolidated financial situation.

These tax credits are recorded, provided that the Company is reasonably certain that these credits will be received.

3.7 Cash Reserved for Exploration and Evaluation

Cash reserved for exploration and evaluation represent proceeds from flow-through financing not yet incurred in exploration. The Company must use these cash for mining exploration activities in accordance with the requirements of those financings. As at September 30, 2011, the Company had cash reserved for exploration and evaluation amounting to \$0 (\$184,765 in 2010).

3.8 Financial Instruments

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment annually and written down when there is evidence of impairment based on certain specific criteria mentioned further on.

All income and expenses related to financial instruments are reported under "Finance income (expenses)."

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial Instruments (continued)

a) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other categories. They are included in current assets when they will be realized within 12 months of the reporting date, otherwise they are classified as non-current. This item includes investments in equity instruments and others financial assets and investments in public companies.

Financial instruments included in this category are recognized initially at fair value plus directly attributable transaction costs. Subsequently, available-for-sale investments are measured at fair value, and unrealized gains or losses are recognized in other comprehensive income.

However, when a decline in the fair value of an available-for-sale investment has been recognized in other comprehensive income and there is objective evidence of prolonged impairment, the cumulative loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale (other than an equity instrument) increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

When the asset is sold or the impairment charge is recognized, the accumulated gains or losses in other comprehensive income are reclassified to profit or loss and the reclassification is shown separately in the statement of comprehensive income. Foreign exchange gains and losses on financial assets classified as available-for-sale are recorded in other comprehensive income.

This category is used by the Company to classify investments in equity instruments in non-consolidated companies that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. If there is objective evidence that these assets are impaired, the amount of the impairment loss is the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial Instruments (continued)

b) Other liabilities

The financial instruments included in this category are initially recognized at fair value less transaction costs. Subsequent to initial measurement, these other liabilities are measured at amortized cost. The difference between the initial carrying amount of these other liabilities and their redemption value is recognized in profit or loss over the contractual terms using the effective interest method. They are classified as current liabilities when they are payable within 12 months of the reporting date, otherwise they are classified as non-current. This item includes the following categories: trade and other payables and bank borrowings.

c) Compound financial instruments

Compound financial instruments issued by the Company are classified separately as financial liabilities and equity based on the substance of the contractual agreement. On the date of issue, the fair value of the liability component is measured using the effective market rate of interest for a similar non-convertible instrument. This amount is accounted for as a liability at amortized cost using the effective interest method until the instrument is extinguished or reaches maturity. The equity component is determined by deducting the amount of the liability component from the total fair value of the compound instrument. This amount is recognized in equity, net of any tax effects, and is not subsequently remeasured.

3.9 Cash

The Company's policy is to present cash and short-term investments having a term of three months or less from the acquisition date in cash.

3.10 Exploration and evaluation assets

Exploration and evaluation assets include the cost of acquisition of the mining rights and the expenses incurred in the exploration and the evaluation of the mining properties. These assets are accounted as capital assets and are presented as cost less the loss of the value and its income tax credits and applicable returns.

The engaged costs before acquisition of the legal land rights of the exploration and evaluation are accounted in the profit and loss at the moment where they are consumed

Mining rights and expensive relative to the activity of exploration and evaluation are incorporated in the cost of the asset by the property until such time the technical feasibility and the commercial viability of the extraction of a mineral resource be demonstrated. The product accessories acquired during the last exploration and evaluation period are accounted at the net value. No depreciation is taken during the exploration and evaluation phase. The capitalized cost notably include the topographic studies, geological, geochemical and geophysical, rummage exploration, digging of trenches, specimen and its activities linked with the evaluation of the technical feasibility and of the commercial viability of the extraction of the mineral resource.

Should the viability of the project be established that is cannot be assured or that the project is abandoned, in that moment the capitalized amount will be reduced to its recoverable value, the difference will be immediately accounted to the net loss.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Exploration and evaluation assets (continued)

Should the technical feasibility and the commercial viability of the extraction of the mining resources be demonstrated, the mining rights and the prospecting and evaluation assets relative to the mining property will then be transferred in the category of mining and construction asset.

Following the transfer of the prospecting and evaluation assets in the mining and construction asset category, all costs subsequently relative to the construction, installation and usage of the equipment and its infrastructures will be capitalized in that category. Once the development stage completed, all assets included in the mining and construction asset will then be transferred of the category of mining asset and will be depreciated on the limited duration of this asset.

Even though the Company has taken measure to conform to the practices of the industry for the exploration stage it is in, such properties obtain the title of mining properties in which it detains a financial interest, its procedures do not guarantee the validity of the title of the property. The title of the mining property can be subjugated to prior agreements non registered and that do not respect the regulated disposition

In the interest the depreciation of the evaluation, the assets are grouped by the ones that generate the lowest independent treasury entrance (units treasury generated). By consequence, certain assets are submitted individually to depreciation test, while others are tested on their treasury generated units. The evaluation of the depreciation of the exploration and evaluation assets is done on a property basis, by property, each property is represented by a potential units treasury generated.

All individual assets or units treasury generated assets are submitted to a depreciation test when events or changes in circumstances indicate that their accounting value can be recovered.

A loss in value equal to the excess of the accounting value of an asset or of a units treasury generated on the recoverable value is accounted. The recoverable value of an asset or a unit's treasury generated is the highest of the fair value less the cost of its sale and its useful value. To determine its useful value, management proceeds to estimate the future cash flow from each asset or units treasury generated and then determines an appropriate interest rate on the actual value of its cash flow.

A loss in value is accounted for immediate in the general profit and loss and is applied to lower the individual asset or pro-rated on its units treasury generated. All assets are subsequently revaluated to reveal and indicate that a loss to the previously accounted asset has been accounted and no longer exist. A loss of value can be re-utilized should the recoverable asset or units treasury generated exceed its accounted value.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Royalties

Royalties on the net product of foundry are generally not accounted when acquired from a mining property since they are considered an eventual liability. The royalties are only accounted when it is deemed plausible and that it can be evaluated with sufficient feasibility.

3.12 Nature of provisioned liabilities

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions for risks and expenses are recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed in off-balance sheet commitments and litigation. The provisions are measured based on management's best estimate of outcome on the basis of facts known at the reporting date. The provisions include provisions for litigation (tax, legal, employee-related), for returns and for the environment.

Litigation is kept under regular review, on a case-by-case basis, by the Company's legal department with the assistance of outside counsel for more significant or complex disputes. A provision is recorded when it becomes probable that a present obligation arising from a past event will require an outflow of resources that can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to settle this obligation.

3.13 Employee benefits

Wages, paid annual leave, paid sick leave, bonuses and non-monetary benefits are short-term employee benefits, which are recognized in the period during which the Company's employees render the related services. Pension plans and other retirement benefits are post-employment benefits provided by the Company and result in the recognition of a liability or an asset and associated costs.

They are recognized as current liabilities included in accounts payable and other payables and are measured at undiscounted amount that the company expects to pay as a result of unused rights.

3.14 Future Income and Mining Taxes

Company accounts for its income taxes using the deferred tax assets and liabilities method. Deferred income tax assets and liabilities are determined based on the difference between the carrying amount and the tax basis of the assets and liabilities. Any change in the net amount of deferred income tax assets and liabilities is included in profit or loss. Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws which are expected to apply to taxable profit for the years in which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is likely they will be realized. Deferred tax assets and liabilities are not discounted.

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future tax assets will not be realized.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Equity

Share capital is presented at the value of the shares issued. Costs related to the issuance of shares or share options are reported in equity, net of tax, as a deduction of the issuance proceeds.

Dividends are included under liabilities in the period in which the payment is approved by the Board of Directors.

Transactions with shareholders are disclosed separately in equity.

3.16 Flow-through Shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Shares issued through flow-through financing are recorded at their selling price. Under the terms of the flow-through share agreements, the tax benefit of the exploration expenses are renounced in favor of the investors. The Company records the tax effect related to renounced deductions on the date that the Company renounces the deductions to investors provided there is reasonable assurance that the expenses will be incurred.

3.17 Contributed surplus

The contributed surplus includes the expenses related to stock options and the warrants to the end of to the exercise of such options and warrants. The undistributed results include the undistributed comprehensive income and loss during the period and the previous periods.

3.18 Share-based payment

The Company applies IFRS 2 to transactions whose award and settlement are share-based and to cash-settled share-based transactions. In applying this standard, stock options and bonus shares granted to employees are measured at fair value. The amount of such fair value is recognized in profit or loss over the vesting period of the rights, with a corresponding increase in equity. Share appreciation rights, which will be settled in cash, are measured at fair value and recognized in profit and loss with a corresponding entry to the liability incurred. The liability is remeasured at each reporting date until settlement. The fair value of options and rights is determined using the Black-Scholes-Merton valuation model taking into account the features of the plan and market data as at the grant date and on the basis of the Group's management assumptions

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Loss per share

Basic and diluted net earnings per share are calculated using the weighted average number of outstanding shares. The calculation of diluted earnings per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options and convertible bonds, etc.) on the theoretical number of shares. When funds are obtained at the date of exercise of the dilutive instruments, the "treasury stock" method is used to determine the theoretical number of shares to be taken into account. When funds are obtained at the issue date of the dilutive instruments, net profit is adjusted for the finance cost, net of tax, relating to these instruments.

The basic net loss per share is calculated using the weighted average of shares outstanding during the period (65,130,338 in 2011 and 29,569,139 in 2010).

3.20 Principal uncertainties arising from the use of estimates and critical judgments by management

Fair value

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement is at amortized cost or fair value depending on the classifications of the financial instruments.

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction, between knowledgeable, willing parties who are under no compulsion to act. This is a point-in-time measurement that may be changed in subsequent reporting periods due to market conditions or other factors.

Fair value amounts are determined by reference to quoted prices in the most advantageous active market for that instrument to which the Company has immediate access. In the absence of an active market, fair value is determined on the basis of internal or external valuation models, including discounted cash flow models. Fair value determined using these valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as a number of other variables. In determining these assumptions, external readily observable market inputs are considered, as applicable. When such data is unavailable, the Company uses the best possible estimate. Since they are based on estimates, these fair values may not be realized in an actual sale or immediate settlement of the instruments.

Note 11 provides details on these bases of calculation and on the estimates used. Most of our derivative financial instruments are designated in a hedging relationship, and the effect on the results of the fair value of these instruments is presented on the consolidated global results in other comprehensive income, net of tax.

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

4. CASH AND TERM DEPOSIT

	September 30, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
Cash			
CAN\$	4 562 368	1 736 349	18 683
US\$	<u>7 854</u>	<u>16 249</u>	<u>-</u>
Cash	<u>4 570 222</u>	<u>1 752 598</u>	<u>-</u>

At September 2011, 53 % of the cash is set at 1%.

Term deposits – CAN\$ interest
bearing at the rate of 1.46% and 1.52%
ending May 20, 2012

<u>4 155 259</u>	<u>-</u>	<u>-</u>
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The cost approximates fair value.

5. ACCOUNTS RECEIVABLE

	September 30, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
Accounts receivable others	11 311	-	-
Interest receivable	<u>19 601</u>	<u>-</u>	<u>-</u>
	<u>30 912</u>	<u>-</u>	<u>-</u>

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

6. AVAILABLE-FOR-SALE INVESTMENTS

	September 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Public Company Shares			
50,000 common shares of Exploration NQ Inc.	4 000	7 250	-
188,000 common shares of Lithium One Inc. (112 000 has been sold during the previous period)	144 760	-	-
78 330 common shares of Virginia Mines Inc. (13 000 has been sold during the period)	660 322		
500 000 common shares of Three Gold Resources Inc.	<u>62 500</u>	<u>-</u>	<u>-</u>
	<u>871 582</u>	<u>7 250</u>	<u>-</u>

7. OTHER ASSETS

	September 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Prepaid expenses	11 921	25 212	7 852
Advance on exploration expenses	<u>-</u>	<u>88 650</u>	<u>-</u>
	<u>11 921</u>	<u>113 862</u>	<u>7 852</u>

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

8. MINING PROPERTIES

	Royalties	Balance as at December 31, 2010	Addition	Disposal and transfer	Balance as at September 30, 2011
	\$	\$	\$	\$	\$
Properties in Quebec :					
Lac à Paul (100%)	1.5%	79 280	48 554	(35 466) ⁽¹⁾	92 368
Héva (100%)	2%	133 126	-	-	133 126
La Dauversière (R-14) (100%)	1%	102 644	1 352	-	103 996
Opinaca (100%)	2%	139 048	-	-	139 048
Duvernay (100%)	2%	119 286	-	-	119 286
Penaroya – Brouillan (100%)	-	108 205	-	-	108 205
Moly Hill (100%)	1.5%	45 240	-	-	45 240
Black Dog (100%)	-	9 501	-	-	9 501
Soquem-Lac H (50%)	1.5%	15 513	-	(15 513)	-
Mirepoix (100%)	-	1 560	1 272	-	2 832
Wabamisk (100%)	-	3 240	-	(3 240)	-
Chico (100%)	-	22 440	-	-	22 440
Dulain (100 %)	-	-	2 120	-	2 120
Phosphore 2011 (100 %)	-	-	-	35 466 ⁽¹⁾	35 466
Rare Earth 2011 (100 %)	-	-	17 102	-	17 102
Property in Mexico:					
Mazatlan – El Rey (See note 13a)	2%	<u>234 629</u>	<u>161 566</u>	<u>-</u>	<u>396 195</u>
		<u>1 013 712</u>	<u>231 966</u>	<u>(18 753)</u>	<u>1 226 925</u>

(1) Some of these properties has been transfer at the property Phosphore 2011.

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

9. EXPLORATION AND EVALUATION ASSETS

	Balance as at December, 2010	Addition	Mining rights and tax credit	Disposition and reimbursement	Balance as at September 30, 2011
	\$	\$	\$	\$	\$
<i>Quebec :</i>					
Lac à Paul	2 319 121	3 729 392	(318 000)	(32 079)	5 698 434
Héva	367 320	5 500	-	-	372 820
La Dauversière (R-14)	445 965	49 773	-	-	495 738
Opinaca	345 630	6 000	-	-	351 630
Duvernay	88 490	-	-	-	88 490
Penaroya – Brouillan	27 659	-	-	-	27 659
Moly Hill	4 650	-	-	-	4 650
Black Dog	4 990	-	-	-	4 990
Soquem-Lac H	213 487	-	-	(213 487)	-
Mirepoix	-	4 117	-	-	4 117
Wabamisk	42 481	-	-	(42 481)	-
Komo	1 524	-	-	(1 524)	-
Dulain	2 730	15 880	-	-	18 610
Chico	4 387	-	-	-	4 387
Phosphore 2011	-	13 197	-	-	13 197
Rare Earth 2011	-	10 955	-	-	10 955
<i>Mexico:</i>					
Mazatlan – El Rey	<u>372 350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372 350</u>
	<u>4 240 784</u>	<u>3 834 814</u>	<u>(318 000)</u>	<u>(289 571)</u>	<u>7 468 027</u>

DETAILS OF INCREASE OF EXPLORATION AND EVALUATION ASSETS

	2011 (9 MONTHS)	2010 (9 MONTHS)
	\$	\$
Drilling	1 176 218	204 443
Stripping and road repairs	42 962	-
Geological surveys	347 571	115 704
General expenses, travel and lodging	388 794	101 318
Analysis	333 408	48 838
Line cutting and geophysics	1 800	31 112
Planning and supervision	674 678	204 890
Professional fees and independent technical reports	<u>869 383</u>	<u>33 603</u>
	<u>3 834 814</u>	<u>739 908</u>

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

10.SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Unlimited number of preferred shares, without par value, issuable in series, series A includes 500,000 preferred shares, non-voting, non-cumulative dividend of 8%, redeemable by the Company at the amount paid.

	SEPTEMBER 30, 2011 (9 MONTH)		DECEMBER 31, 2010 (12 MONTH)	
	Number	Amount \$	Number	Amount \$
Balance, beginning of years	49 539 995	14 327 861	24 423 016	11 901 731
Flow-through shares (1)	1 000 000	1 250 000	8 518 359	1 180 456
Paid in cash (2)	8 000 000	4 760 000	14 769 701	787 393
Warrants exercised	4 730 304	1 163 111	1 440 988	288 198
Value assigned to warrants	-	428 349	-	112 583
Stock options exercised	2 534 000	366 800	-	-
Value assigned to option exercised	-	366 193	-	-
Acquisition of mining properties	-	-	250 000	37 500
Settlement of debts	-	-	<u>137 931</u>	<u>20 000</u>
Balance, end of year	<u>65 804 299</u>	<u>22 662 314</u>	<u>49 539 995</u>	<u>14 327 861</u>

(1) Value of flow-through shares is presented net of the fair value of warrants amounting to \$0 in 2011 (\$196 324 in 2010).

(2) Value of share capital paid in cash is presented net of the fair value of warrants amounting to \$3,240,000 in 2011 (\$1 272 676 in 2010).

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

11.SHARE PURCHASE OPTIONS AND WARRANTS

The shareholders of the Company approved a stock option plan (the "plan") whereby the Board of Directors may grant to employees, officers, directors, officers, employees and suppliers of the Company, share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors.

In June 2011, the plan was modified. The maximum number of shares in the capital of the Company that may be reserved for issuance under the plan shall be equal to 6,400,000 (5,100,000 shares in 2010) the maximum number of shares which may be reserved for issuance to an employee, officer or director may not exceed 5% of the outstanding shares at the time of vest and the maximum number of shares which may be reserved for issuance to consultant and investors representative may not exceed 2% of the outstanding shares at the time of vest. The acquisition conditions of share purchase options are without restriction, except the grant of share purchase options to investor's representative that are acquired at the following condition: 25% three months after the date of grant, 25% six months after the date of grant, 25% nine months after the date of grant and 25% one year after the date of grant. The new options will expire no later than ten years after being granted.

The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of grant.

During the period, the fair value of options granted in accordance with the plan was estimated using the Black-Scholes option pricing model with the following assumptions: estimated duration of 9.9 years (10 years at December 31, 2010), risk-free interest rate of 2,08 % (3.31 % at December 31, 2010), expected dividend yield of 0 % (0 % at December 31, 2010) and volatility rate of 142 % (138 % at December 31, 2010).

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

11.SHARE PURCHASE OPTIONS AND WARRANTS (continued)

Share purchase options

Changes in Company share purchase options were as follows:

	September 30, 2011		September 30, 2010	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance, beginning of year	4 244 000	0,14	1 944 000	0,52
Granted	3 535 000	1,37	3 664 000	0,15
Cancelled	-	-	(1 464 000)	0,52
Exercised	<u>(2 534 000)</u>	<u>0,15</u>	-	-
Balance, end of year	<u>5 245 000</u>	<u>0,85</u>	<u>4 144 000</u>	<u>0,14</u>
Options exercisable at the end of the year	<u>5 245 000</u>	<u>0,85</u>	<u>4 144 000</u>	<u>0,14</u>

	September 30, 2011 \$	September 30, 2010 \$
The weighted average fair value of options granted	<u>0,76</u>	<u>0,14</u>

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

11.SHARE PURCHASE OPTIONS AND WARRANTS (continued)

The following table summarizes the information relating to the share purchase options granted under the plan.

Options Outstanding	Weighted average remaining contractual life	Exercise price
50 000	2,1 years	0,19
10 000	7,8 years	0,11
675 000	8,5 years	0,15
875 000	8,7 years	0,15
200 000	8,8 years	0,14
700 000	9,3 years	0,37
150 000	9,3 years	0,58
160 000	9,4 years	1,13
100 000	9,7 years	1,40
275 000	9,6 years	1,25
<u>2 050 000</u>	9,9 years	1,37
<u>5 245 000</u>		

Warrants

Changes in Company warrants were as follows:

	September 30, 2011		September 30, 2010	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance, beginning of year	10 697 161	0,22	4 443 866	0,70
Granted	4 000 000	0,81	2 498 062	0,20
Exercised	(4 730 304)	0,32	-	-
Expired	(126 000)	0,50	(1 872 371)	0,50
Balance, end of year	<u>9 840 857</u>	<u>0,41</u>	<u>5 069 557</u>	<u>0,25</u>

	September 30, 2011	September 30, 2010
	\$	\$
The weighted average fair value of Warrants granted	<u>0,78</u>	<u>0,08</u>

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

11.SHARE PURCHASE OPTIONS AND WARRANTS (continued)

The following table summarizes the information relating to the warrants granted.

Warrants	Price	Expiry Date
Outstanding		
8 333	0,30	December 2011
118 418	0,35	December 2011
359 531	0,20	June 2012
154 575	0,20	November 2012
5 200 000	0,19	December 2012
<u>4 000 000</u>	1,50	April 2013
<u>9 840 857</u>		

Options granted to brokers

Changes in Company brokers options are detailed as follows:

	September 30, 2011		September 30, 2010	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance, beginning of year	1 143 990	0,14	307 474	0,35
Granted	560 000	1,00	-	-
Expired	-	-	<u>(307 474)</u>	<u>0,35</u>
Balance, end of year	<u>1 703 990</u>	<u>0,42</u>	<u>-</u>	<u>-</u>

	September 30, 2011	September 30, 2010
	\$	\$
The weighted average fair value of options granted	0,95	-

The following table summarizes the information relating to options granted to brokers.

Brokers Options Outstanding	Price	Expiry Date
1 143 990	0,14	December 2012
<u>560 000</u>	1,00	April 2013
1 703 990		

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

12.SALARIES AND EMPLOYEE BENEFITS

NINE MONTHS PERIOD ENDED SEPTEMBER 30	2011	2010
	\$	\$
Salaries	311 227	-
Employee benefits	37 083	-
Government defined contribution plan	<u>11 811</u>	-
	360 121	-
Less: Salaries and employee benefits capitalized to the exploration and evaluation assets	<u>(173 652)</u>	-
Salaries and employee benefits	<u>186 469</u>	-

13.COMMITMENTS

A) In May 2007, the Company signed a option agreement for 100% of the El Rey property in Mexico. In fact, the Company will have to make a last payment amounted to USD\$200,000 in May 2012. Sellers keep a 2% NSR, redeemable at anytime for the amount of USD\$1,500,000.

B) In April 2010, the Company signed a option agreement for the Brouillan West property in the province of Québec. By virtue of the agreement, the Company may benefit from 50% interest in the property in compensation for 700,000 common shares of the public company Exploration NQ Inc. (NQ), of which 50,000 are to be issued upon signature of the agreement (50,000 shares already issued for a sum of \$10,000), 50,000 shares on the first anniversary, 100,000 shares on the second anniversary, 200,000 shares on the third anniversary, and 300,000 shares on the fourth anniversary. NQ is committed to conducting exploration work worth \$500,000 over a four-year period. When NQ has spent a total of \$500,000 in exploration work on the property and issued a total of 700,000 common shares, the company will be recognized as having acquired 50% undivided interest in the property.

The two parties shall form a joint venture with a view to carrying out conjoint exploration work. Following the exercising of the first option, NQ shall have the option of acquiring 30% additional interest in the property for an extra two years, in compensation for the publication of a preliminary economic appraisal evidencing an "assumed mineral resource" on the property. As at September 30, 2011, the property was still owned by the Company, which must maintain the validity of the property for the duration of the first stock option.

C) In November 2010, the Company signed a one-year agreement with RBL Entreprises (RBL) for the promotion of its activities at a monthly fee of \$1,950. By virtue of this agreement, the Company issued 100,000 stock options to RBL upon the signature date; each option allows acquiring one share at \$0.19 per share over a three-year period.

D) In February 2011, The Company signed a corporate development agreement with Javelin Partner from Toronto. The Company pays Javelin 5 000\$ per month for its services and granted Javelin 160 000 stock options that allows the owner acquiring one share at \$1,13 per share.

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

13.COMMITMENTS (continued)

E) In November 2011, the Company acquired the Lac-Paul outfitter. The activities of this outfitter are exclusive hunting and fishing. This acquisition was completed by a private placement owned 100% by the Company. The operations were done in the ordinary course of business. The company issued 386,598 common shares as a part of the payment and a payment ticket request of \$ 750 000. The transaction is subject to acceptance by the authority of the financial markets.

F) In August 2011, the Company has agreed with key leaders in signing labor contracts.

14.RELATED PARTY TRANSACTION

Related parties of the Company include subsidiaries and the key management personnel as mentioned below. None of the transactions between the parties have any special characteristics or special conditions, nor have any guaranties been given or received. The balances are paid by with cash.

Transactions with principal management

Principal management consists of the president, the CEO, the chief financial officer, the vice president of exploration, vice president of research and development, the secretary as well as the administrator of the Company.

NINE MONTHS PERIOD ENDER SEPTEMBER 30	2011	2010
	\$	\$
Short-term employee benefits		
Salaries, bonus and benefits	311 227	-
Professional and management fees	34 750	70 100
Social benefits	<u>48 894</u>	<u>-</u>
Current portion of employee benefits	394 871	70 100
Share-based payment	<u>1 145 575</u>	<u>220 000</u>
Total of compensation	<u>1 540 446</u>	<u>290 100</u>
Exploration and evaluation assets paid to a subsidiary company, controlled by the CEO of the Company	<u>586 010</u>	<u>393 374</u>
Rent paid to a subsidiary company, controlled by the CEO of the Company	<u>23 700</u>	<u>-</u>
Management fees paid to a subsidiary company, controlled by the CEO of the Company	<u>62 156</u>	<u>-</u>
Due from a subsidiary company, non-interest bearing	<u>18 763</u>	<u>43 811</u>
Due to an administrator	<u>9 299</u>	<u>-</u>

An important part of the compensation of the CEO, the vice-president of exploration and of the vice-president of research and development are allocated to the asset under exploration and evaluation.

These operations are concluded in the normal course of activities of the Company and are measured at the exchange of fair value, by the amounts agreed between the parties to the agreements. These advances are normally paid within the following month.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to financial risks: market risk, credit risk and liquidity risk.

a) Market risk

i) Fair value

The estimated fair value is set on the date of the statements and relative to relevant market information and other data regarding the financial instruments. The fair values of the cash account, exploration cash account, and creditors and incurred expenses closely correspond to their book values due to their short term. Investments are reported at fair value.

ii) Hierarchy of fair value measurements

The only financial instruments measured at fair value are the cash, exploration cash account, and investments. These are classified as Level 1. They are measured based on observable market data. The Big Bang Ressources Ltée shares were classified as Level 3 of fair value hierarchy. They are measured based on non-observable market data.

iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Accordingly, there is a few exposure to fair value variation. The other financial assets are transacted with financial institutions with sound financial situations and liabilities are not exposed to interest rate risk because they don't bear interest.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

iv) Currency risk

The Company is exposed to currency risk due to a few transactions made in American dollars. As of September 30, 2010, the Company had a bank account in the amount of US\$7,854 (US\$16,249 in 2010). Consequently, some assets, liabilities, and charges are exposed to currency fluctuations.

b) Credit risk

Credit risk is the risk that a party to a financial instrument cannot meet their obligations, leading to financial loss for the other party. The cash account, exploration cash account, and investments are the financial instruments of the Company that are most exposed to credit risk. The credit risk to the cash account and exploration cash account is limited because the parties to agreement are financial institutions with high credit ratings from international credit agencies. Moreover, as the majority of accounts receivable is with the provincial and federal governments, in the form of commodity tax credits and government funding, the credit risk is very limited.

c) Liquidity risk

The liquidity risk is the risk that an entity is unable to meet its financial liability obligations. At the end of September 2011, the Company had sufficient liquidity to manage, over the next fiscal year, its existing and future financial liabilities linked to company commitments.

As at September 2011, the capital of the Company consists of shareholder's equity amounting to \$18,065,475. The Company's capital management objective is to have sufficient capital to be able to meet its exploration and mining development plan in order to ensure the growth of its activities. It has also the objective to have sufficient cash to finance the exploration expenses, the investing activities and the working capital requirements. There were no significant changes in the Company's approach to capital management during the nine months period ended September 30, 2011. The Company is subject to regulatory requirements related to the use of funds obtained by flow-through shares financing. These funds have to be incurred for eligible exploration expenses. The Company has no dividend policy.

NOTES TO FINANCIAL STATEMENTS (unaudited)SEPTEMBER 30, 2011

16. SUBSEQUENT EVENTS

From October 1 to November 21, 2011, the Company issued 51,315 common shares following the subscription warrant exercise, for a total of \$13,960.

Also, in November 2011, the Company issued 386,598 shares for the acquisition of the Lac-Paul Outfitters.

17. ITEM NOT AFFECTING CASH AND CASH EQUIVALENTS

	2011	2010
	\$	\$
Acquisition of mining properties by issuance of capital stock	-	22 500
Disposal of mining properties by issuance of capital stock	812 837	10 000
Mining rights receivable	318 000	30 690
Salaries and employee benefits capitalized to the exploration and evaluation assets	592 769	-

18. TRANSITION TO IFRS

These financial statements are the second the Company has prepared in accordance with International Financial Reporting Standards (IFRS). In preparing these financial statements, the Company's opening balance sheets was prepared as at 1 January 2010, the Company's date of transition to IFRS.

IFRS accounting policies used by the Company to prepare the financial statements as of September 30, 2011, as well as the comparative figures and for the financial position at date of transition of IFRS, are presented in note 3.

In preparing its first IFRS consolidated financial statements in accordance with IFRS 1, the Company elected to use certain exemptions from other IFRSs, while taking into account exceptions to retrospective application.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

18. TRANSITION TO IFRS (continued)

First application – Applicable exemptions

In preparing its first IFRS consolidated financial statements in accordance with IFRS 1, the Company elected to use certain exemptions from other IFRS, while taking into account exceptions to retrospective application. Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

Mandatory exceptions

Estimates - Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Financial assets and liabilities unrecognized under Canadian GAAP before January 1st 2010 are not recognized under IFRS. The Company anticipated the application of that modification to IFRS at date of transition, January 1st 2010.

Presentation differences

Certain presentation differences between Canadian GAAP and IFRS exist but have no impact on results and equity.

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

19. TRANSITION TO IFRS (continued)

CONSOLIDATED BALANCE SHEETS (unaudited)

DECEMBER 31, 2010

	Notes	Canadian GAAP \$	Impact of transition to IFRS \$	IFRS \$
ASSETS				
Current				
Cash	4	2 396 154	-	2 396 154
Taxes on products and services to receive		95 782	-	95 782
Available-for-sale investments	5	7 250	-	7 250
Other current assets	6	113 862	-	113 862
Tax credit and mining rights receivables		74 116	-	74 116
Current assets		2 687 164	-	2 687 164
Non-current				
Mining properties	8	1 013 712	-	1 013 712
Exploration and evaluation assets	9	4 240 784	-	4 240 784
Non-current assets		5 254 496	-	5 254 496
Total assets		7 941 660	-	7 941 660
LIABILITIES				
Current				
Accounts payable and other liabilities		318 325	-	318 325
Current liabilities		318 325	-	318 325
Non-current				
Deferred tax liabilities		150 810	-	150 810
Total liabilities		469 135	-	469 135
EQUITY				
Share capital		14 327 861	-	14 327 861
Contributed surplus		4 189 374	-	4 189 374
Warrants		1 513 396	-	1 513 396
Deficit		(12 555 356)	-	(12 555 356)
Accumulated other comprehensive income		(2 750)	-	(2 750)
Total equity		7 472 525	-	7 472 525
Total liabilities and equity		7 941 660	-	7 941 660

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

19. TRANSITION TO IFRS (continued)

CONSOLIDATED BALANCE SHEETS (unaudited)

SEPTEMBER 30, 2010

	Notes	Canadian GAAP \$	Impact of transition to IFRS \$	IFRS \$
ASSETS				
Current				
Cash		376 806	-	376 806
Accounts receivable		-	-	-
Taxes on products and services to receive		34 537	-	34 537
Available-for-sale investments		101 000	-	101 000
Other current assets		2 188	-	2 188
Tax credit and mining rights receivables		30 690	-	30 690
Current assets		545 221	-	545 221
Non-current				
Mining properties		975 581	-	975 581
Exploration and evaluation assets		6 247 506	-	6 247 506
Non-current assets		7 223 087	-	7 223 087
Total assets		7 768 308	-	7 768 308
LIABILITIES				
Current				
Accounts payable and other liabilities		233 414	-	233 414
Current liabilities		233 414	-	233 414
Non-current				
Deferred tax liabilities		472 600	-	472 600
Total liabilities		706 014	-	706 014
EQUITY				
Share capital		12 527 825	-	12 527 825
Contributed surplus		3 563 801	-	3 563 801
Warrants		341 597	-	341 597
Deficit		(9 370 929)	-	(9 370 929)
Total equity		7 062 294	-	7 062 294
Total liabilities and equity		7 768 308	-	7 768 308

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

19. TRANSITION TO IFRS (continued)

CONSOLIDATED BALANCE SHEETS (unaudited)

JANUARY 1, 2010

	Notes	Canadian GAAP \$	Impact of transition to IFRS \$	IFRS \$
ASSETS				
<i>Current</i>				
Cash	4	213 292	-	213 292
Taxes on products and services to receive		83 096	-	83 096
Other current assets	6	7 852	-	7 852
Tax credit and mining rights receivables		576 859	-	576 859
Current assets		881 099	-	881 099
<i>Non-current</i>				
Mining properties		867 932	-	867 932
Exploration and evaluation assets		5 507 598	-	5 507 598
Non-current assets		6 375 530	-	6 375 530
Total assets		7 256 629	-	7 256 629
LIABILITIES				
<i>Current</i>				
Accounts payable and other liabilities		239 136	-	239 136
Current portion of long-term debt		3 540	-	3 540
Current liabilities		242 676	-	242 676
<i>Non-current</i>				
Deferred tax liabilities		472 600	-	472 600
Total liabilities		715 276	-	715 276
EQUITY				
Share capital		11 901 731	-	11 901 731
Contributed surplus		3 142 680	-	3 142 680
Warrants		424 443	-	424 443
Deficit		(8 927 501)	-	(8 927 501)
Accumulated other comprehensive income		-	-	-
Total equity		6 541 353	-	6 541 353
Total liabilities and equity		7 256 629	-	7 256 629

ARIANNE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

SEPTEMBER 30, 2011

19. TRANSITION TO IFRS (continued)

CONSOLIDATED EARNINGS (unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	Canadian GAAP \$	Impact of transition to IFRS \$	IFRS \$
INCOME				
Interest		250	-	250
		-----	-----	-----
ADMINISTRATIVE EXPENSES				
Share-based compensation expense		526 408	-	526 408
Professional and consultant fees		53 158	-	53 158
Management fees		94 810	-	94 810
Registration and listing fees		46 647	-	46 647
Annual general meeting		15 582	-	15 582
Advertising		48 398	-	48 398
Travelling, promotion and congress		56 800	-	56 800
Insurance		11 308	-	11 308
Rent and office expenses		17 362	-	17 362
Part XII.6 tax		56 703	-	56 703
Interest and bank expenses		7 949	-	7 949
		<u>935 125</u>	<u>-</u>	<u>935 125</u>
OTHER				
Gains (losses) on disposal of investments		(4 998)	-	(4 998)
Disposal of deferred exportation fees		2 563 285	-	2 563 285
Gains (losses) on disposal of mining properties		<u>(115 000)</u>	<u>-</u>	<u>(115 000)</u>
NET LOSS FOR THE PERIOD		<u>2 443 287</u>	<u>-</u>	<u>2 443 287</u>
PRE-TAX LOSS				
		3 378 162	-	3 378 162
Future Income and Mining Taxes		<u>(391 990)</u>	<u>-</u>	<u>(391 990)</u>
NET LOSS		<u>2 986 172</u>	<u>-</u>	<u>2 986 172</u>
BASIC AND DILUTED LOSS PER SHARE		<u>0.10</u>	<u>-</u>	<u>0.10</u>

ARIANNE RESOURCES INC.**NOTES TO FINANCIAL STATEMENTS (unaudited)**

SEPTEMBER 30, 2011

19. TRANSITION TO IFRS (continued)*CONSOLIDATED EARNINGS (unaudited)*

NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2010

	Notes	Canadian GAAP \$	Impact of transition to IFRS \$	IFRS \$
INCOME				
Interest		109	-	109
		-----	-----	-----
ADMINISTRATIVE EXPENSES				
Share-based compensation expense		220 000	-	220 000
Professional and consultant fees		16 409	-	16 409
Management fees		64 100	-	64 100
Registration and listing fees		39 096	-	39 096
Annual general meeting		15 582	-	15 582
Advertising		37 037	-	37 037
Travelling, promotion and congress		35 980	-	35 980
Investors relations		9 007	-	9 007
Insurance		6 564	-	6 564
Rent and office expenses		12 901	-	12 901
Interest and bank expenses		786	-	786
Part XII.6 tax		<u>71 455</u>	-	<u>71 455</u>
		<u>528 917</u>	<u>-</u>	<u>528 917</u>
GAIN (LOSS) ON DISPOSAL				
Gain on disposal of properties		<u>10 000</u>	-	<u>10 000</u>
NET LOSS FOR THE PERIOD		<u>518 808</u>	<u>-</u>	<u>518 808</u>
BASIC AND DILUTED LOSS PER SHARE		<u>0,014</u>	<u>-</u>	<u>0,014</u>