

JET GOLD CORP.

FINANCIAL STATEMENTS

FEBRUARY 28, 2011

(Prepared by management without audit)

Jet Gold Corp.
900 – 925 West Georgia Street
Vancouver, B.C.
V6C 3B2

April 13, 2011

To the Shareholders of
Jet Gold Corp.

The attached unaudited financial statements have been prepared by management without review by the auditors of
Jet Gold Corp.

Yours truly,

“Brad Moynes” (signed)

Brad Moynes
President

JET GOLD CORP.
BALANCE SHEETS

	February 28, 2011	August 31, 2010
ASSETS		
Current		
Cash	\$ 335,701	\$ 2,102
Mineral exploration tax credits receivable (Note 3)	1,422	1,422
Amounts receivable	<u>13,134</u>	<u>3,943</u>
	350,257	7,467
Mineral Property Interests (Note 3)	166,089	163,564
Equipment (Note 4)	<u>2,153</u>	<u>2,451</u>
	<u>\$ 518,499</u>	<u>\$ 173,482</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 92,944	\$ 180,466
Loan payable (Note 7)	<u>-</u>	<u>-</u>
	92,944	180,466
Shareholders' Equity (Deficiency)		
Capital stock (Note 5)	6,677,113	6,088,078
Contributed surplus (Note 5(g))	794,540	653,328
Deficit	<u>(7,046,098)</u>	<u>(6,748,390)</u>
	<u>425,555</u>	<u>(6,984)</u>
	<u>\$ 518,499</u>	<u>\$ 173,482</u>

Nature of Operations and Going Concern (Note 1)
Subsequent Event (Note 12)

On behalf of the Board:

<u>“Brad Moynes” (signed)</u>	Director	<u>“Robert Card” (signed)</u>	Director
Brad Moynes		Robert L. Card	

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

JET GOLD CORP.**STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

(Prepared by management without audit)

	6 – Month Ended Feb.28, 2011	6 – Month Ended Feb.28, 2010	3 – Month Ended Feb.28, 2011	3 – Month Ended Feb.28, 2010
EXPENSES	\$	\$	\$	\$
Legal, audit and accounting	19,487	12,000	13,087	6,000
Administration fees (Note 8)	42,000	36,000	27,000	18,000
Consulting fees (Note 8)	67,000	27,000	53,500	10,500
Transfer agent	4,244	1,446	1,038	565
Regulatory fees	10,259	6,354	7,309	5,699
Investor relations	-	10,096	-	10,096
Amortization	298	298	149	149
Office and miscellaneous	906	1,903	(73)	977
Printing and shareholder communications	4,955	1,351	(1,241)	1,021
Stock based compensation	141,212	-	141,212	-
Rent	2,902	7,053	1,356	3,539
Travel	141	-	11	-
Operating expenses	293,404	103,501	243,348	56,546
LOSS BEFORE THE FOLLOWING	(293,404)	(103,501)	(243,348)	(56,546)
OTHER (INCOME) EXPENSES				
Mineral property abandon	(5,937)	-	(5,937)	-
Other income	1,633	11	311	11
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(297,708)	(103,490)	(248,974)	(56,535)
DEFICIT, BEGINNING OF PERIOD	(6,748,390)	(6,437,952)	(6,797,124)	(6,484,907)
DEFICIT, END OF PERIOD	\$ (7,046,098)	\$ (6,541,442)	\$ (7,046,098)	\$ (6,541,442)
EARNINGS (LOSS) PER SHARE	\$ (0.04)	\$ (0.02)	\$ (0.03)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	7,181,159	5,499,818	8,393,447	5,552,860

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

JET GOLD CORP.
STATEMENTS OF CASH FLOWS
(Prepared by management without audit)

	6 – Month Ended	6 – Month Ended	3 – Month Ended	3 – Month Ended
	Feb28, 2011	Feb28, 2010	Feb28, 2011	Feb28, 2010
CASH PROVIDED BY (USED FOR)	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss) for the period	(297,708)	(103,490)	(248,974)	(56,535)
Less items not involving cash				
Mineral property abandoned	5,937	-	5,937	-
Stock based compensation	141,212	-	141,212	-
Amortization	298	298	149	149
	(150,261)	(103,192)	(101,676)	(56,386)
Net change in non-cash working capital items				
Amounts receivable and advances	(9,191)	10,608	(6,916)	96
Accounts payable and accrued liabilities	(87,521)	(812)	(119,449)	(11,594)
	(246,973)	(93,396)	(228,041)	(67,884)
FINANCING ACTIVITIES				
Shares issued for cash, net of issue costs	583,097	120,000	583,097	120,000
Loan payable	-	-	(25,000)	-
	583,097	120,000	558,097	120,000
INVESTING ACTIVITIES				
Reclamation bonds	-	12,000	-	12,000
Mineral property expenditures	(2,525)	(18,307)	3,950	(12,945)
	(2,525)	(6,307)	3,950	(945)
INCREASE (DECREASE) IN CASH	333,599	20,297	334,006	51,171
CASH, BEGINNING OF PERIOD	2,102	44,978	1,695	14,104
CASH, END OF PERIOD	\$ 335,701	\$ 65,275	\$ 335,701	\$ 65,275

Supplemental disclosure with respect to cash flows (Note 7)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Jet Gold Corp. (the “Company”) is an exploration stage company incorporated under the laws of British Columbia on April 24, 1987. The Company is in the process of exploring and developing its mineral properties and has not determined whether these properties contain economically recoverable reserves of ore. The Company has not yet earned significant revenues from its mineral interests.

On November 3, 2010, all of the issued common shares and equity instruments of the Company were consolidated on the basis of 5 pre-consolidation common shares/equity instruments for 1 post-consolidation common share/equity instrument. As a result of the consolidation, all per-share information in the financial statements has been retrospectively restated to reflect the consolidation.

The Company’s financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss of \$297,708 for the period ended February 28, 2011 (2010 - \$103,490). As at February 28, 2011, the Company had an accumulated deficit \$7,046,098 (2010 - \$6,541,442) and a working capital (deficiency) of \$257,313 (2010 - (\$172,999)).

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral interests, is dependent on the Company’s ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and expected growth. If the Company is unable to obtain additional financing, the Company will be unable to continue. The outcome of these matters cannot be predicted at this time.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interests. The recoverability of amounts shown for mineral properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these mineral property interests, and future profitable production or proceeds from the disposition of mineral interests. The carrying value of the Company’s mineral interests does not reflect current or future values.

These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). All amounts, unless specifically indicated otherwise, are presented in Canadian dollars, which is the Company’s functional currency.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP 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 year. Significant areas requiring the use of management estimates include the determination of environmental and asset retirement obligations (“ARO”), rates of amortization, the impairment of mineral property and oil and gas interests, the assumptions used in the determination of the fair value of stock-based compensation and the valuation allowance for future income tax assets. While management believes the estimates used are reasonable, actual results could differ from the estimates and could impact future results of operations and cash flows

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments and comprehensive income

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale or other financial liabilities. All financial instruments and derivatives are measured and reported on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured and reported at amortized cost using the effective interest rate method. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial instruments are measured at fair value and changes are recognized in net income (loss) in the period in which the change occurs. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income until the financial instrument is derecognized or impaired. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

(d) Equipment

Equipment is carried at cost. Amortization is calculated using the declining balance method applying the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%

Additions during the year are amortized at one-half the annual rates.

(e) Mineral exploration tax credit (“METC”)

The Company recognizes METC amounts from the government as a recovery in the period in which recoverability can be established and the amount quantified.

(f) Mineral property interests

All costs related to the acquisition, exploration and development of mineral property interests are capitalized on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company’s mineral rights are allowed to lapse.

All deferred resource property expenditures are reviewed annually, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company’s assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Mineral property interests (Continued)

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are recorded as property costs or recoveries when the payments are made or received.

(g) Asset retirement obligation (“ARO”)

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to operations in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present the Company has determined that it has no material AROs to record in the financial statements.

(h) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged either to operations or mineral property interests, with the offset credit to contributed surplus. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to capital stock.

(i) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. The income tax benefits foregone constitute share issue costs and are reflected in capital stock with an offsetting increase to future income tax liability.

(j) Warrants

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated entirely too common shares.

(k) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments on its loss per share. Under this method, the dilutive effect on basic loss per share is calculated assuming that all proceeds from the exercise of stock options, warrants and/or similar instruments would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. The loss per share has been calculated on a post-consolidation basis; refer to note 1 for further explanation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

(m) Future accounting changes

(i) International Financial Reporting Standards (“IFRS”)

In 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its November 30, 2011 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended August 31, 2011. The Company is currently evaluating the impact of the conversion on the Company’s financial statements and is considering accounting policy choices available under IFRS.

(ii) Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants (“CICA”) issued Handbook Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently.

JET GOLD CORP.
NOTES TO FINANCIAL STATEMENTS
QUARTER ENDED FEBRUARY 28, 2011

3. MINERAL PROPERTY INTERESTS

Expenditures incurred on the Company's mineral interests during the period ended February 28, 2011 are as follows:

	Kshish	Big Hammer	Virginia Gold	Total
Balance, August 31, 2009	\$ 118,441	\$ -	\$ -	118,441
Acquisition cost	10,500	23,000	5,937	39,437
Exploration costs				
Geological	-	5,770	-	5,770
Field	644	694	-	1,338
Total additions during year	11,144	29,464	5,937	46,545
Mineral exploration tax credits	(129)	(1,293)	-	(1,422)
Balance, August 31, 2010	\$ 129,456	\$ 28,171	\$ 5,937	\$ 163,564
Acquisition cost				
Exploration costs				
Field	1,239	7,223	-	8,462
Total additions during period	1,239	7,223	-	8,462
Mineral property abandon	-	-	(5,937)	(5,937)
Balance, February 28, 2011	130,695	35,397	-	166,089

(a) Kshish Molybdenum property, British Columbia

The Company entered into an option agreement to acquire a 100% interest in three mineral claims, the Kshish Molybdenum property, in the Skeena Mining Division located near Terrace, British Columbia. To exercise its option, the Company must complete the following:

- (i) Cash payments aggregating \$25,000 payable as follows:
 - (a) \$5,000 (paid) on execution of the agreement;
 - (b) \$5,000 (paid) 30 days from TSX Venture Exchange ("TSX") approval (December 3, 2007);
 - (c) \$5,000 (paid) six months from regulatory approval date;
 - (d) \$5,000 (paid) one year from regulatory approval date and the production of a 43-101 report recommending continuation of exploration; and
 - (e) \$5,000 (paid) two years from regulatory approval.

The Company and the vendor have agreed that the payment of \$5,000 six months from regulatory approval date, \$5,000 one year from regulatory approval date and \$5,000 two years from regulatory approval date will be paid immediately upon the Company closing its next private placement. All payments were made subsequent to period end.

- (ii) To incur \$500,000 in cumulative exploration expenditures on the property as follows:
 - (a) \$50,000 on or before December 3, 2008 (done);
 - (b) \$150,000 on or before December 3, 2009;
 - (c) \$300,000 on or before December 3, 2010; and
 - (d) \$500,000 on or before December 3, 2011.

3. MINERAL PROPERTY INTERESTS (Continued)

(a) Kshish Molybdenum property, British Columbia (Continued)

The Company and the vendor have agreed to defer the shortfall of exploration expenditures not incurred on or before December 3, 2009 and December 3, 2010 to December 3, 2011.

(iii) To issue 160,000 common shares of the Company to the optionors as follows:

- (a) 50,000 common shares on regulatory approval (issued and valued at \$40,000);
- (b) 30,000 common shares one year from the date of regulatory approval (issued and valued at \$10,500);
- (c) 20,000 (issued) common shares two years from date of regulatory approval; and
- (d) 60,000 common shares upon placing the property into commercial production.

The Company and the vendor have agreed that the 20,000 common shares will be issued immediately upon the Company closing its next private placement. Shares were issued subsequent to period end.

The optionor has retained a 2% net smelter returns royalty on the value of minerals produced and delivered from the property. The Company has the right to purchase the royalty by paying \$1,000,000 to the optionor.

(b) Big Hammer, British Colombia

The Company entered into an Option Agreement to acquire a 100% interest in mineral claims in the Skeena Mining Division located near Terrace, British Columbia. To exercise its option, the Company must complete the following:

(i) Cash payments aggregating \$250,000 payable as follows:

- (a) \$10,000 (paid) on execution of the agreement;
- (b) \$10,000 (paid) within 60 days from TSX approval. The approval date was February 25, 2010;
- (c) \$10,000 (paid) within 180 days from TSX approval or by December 15, 2010;
- (d) \$50,000 one year from TSX approval(amended to November 30, 2011);
- (e) \$50,000 two years from TSX approval or after the expenditure of \$150,000 on the property and a recommendation to continue exploration, whichever comes later;
- (f) \$50,000 three years from TSX approval or after the expenditure of \$500,000 on the property and a recommendation to continue exploration, whichever comes later; and
- (g) \$70,000 four years from TSX approval or after the expenditure of \$1,000,000 on the property and a recommendation to continue exploration, whichever comes later.

The Company and the vendor have agreed that the payment of \$10,000 due 60 days from TSX approval and \$10,000 due 180 days from TSX approval will be paid immediately upon the Company closing its next private placement. All payment were made subsequent to period end.

(ii) To incur \$1,000,000 in exploration expenditures on the property as follows:

- (a) \$50,000 on or before February 25, 2011;
- (b) \$200,000 on or before February 25, 2012;
- (c) \$250,000 on or before February 25, 2013; and
- (d) \$500,000 on or before February 25, 2014.

(iii) To issue 200,000 common shares of the Company to the optionors as follows:

3. MINERAL PROPERTY INTERESTS (Continued)

(c) Big Hammer, British Colombia (Continued)

- (a) 40,000 common shares within 30 days of TSX approval (issued and valued at \$13,000);
- (b) 40,000 common shares one year from TSX approval (issued);
- (c) 40,000 common shares two years from date of TSX approval or after the expenditure of \$150,000 on the property and a recommendation to continue exploration, whichever comes later;
- (d) 40,000 common shares three years from date of TSX approval or after the expenditure of \$500,000 on the property and a recommendation to continue exploration, whichever comes later; and
- (e) 40,000 common shares three years from date of TSX approval or after the expenditure of \$1,000,000 on the property and a recommendation to continue exploration, whichever comes later.

The optionor has retained a 2% net smelter returns royalty on the value of mineral produced and delivered from the property. The Company has the first right of refusal to purchase 1% of the royalty by paying \$1,000,000 to the optionor at any time.

Once the Company has been deemed to have exercised the Option Agreement and the property placed into commercial production, the Company shall pay the optionor of the property \$1,000,000 and issue 80,000 common shares 30 days after commencement of commercial production.

(d) Virginia Gold property, Arizona USA

The Company entered into an Option Agreement to acquire a 100% interest in four mineral claims, the Virginia Gold property, in the Sheep Tanks Mining District located in La Paz County, Arizona. To exercise its option, the Company must complete the following:

- (i) Cash payments aggregating \$20,000 payable as follows:
 - (a) \$5,000 (paid) on signing of the agreement;
 - (b) \$5,000 upon the earlier of expenditure of \$100,000 on the property or December 31, 2010;
 - (c) \$5,000 upon the earlier of expenditure of an aggregate of \$200,000 on the property or December 31, 2011; and
 - (d) \$5,000 upon the earlier of expenditure of an aggregate of \$300,000 on the property or December 31, 2012.
- (ii) To issue 60,000 common shares of the Company to the optionor as follows:
 - (a) 20,000 common shares upon the earlier of expenditure of \$100,000 on the property or December 31, 2010;
 - (b) 20,000 common shares upon the earlier of an additional \$100,000 on the property or December 31, 2011; and
 - (c) 20,000 common shares upon the earlier of the expenditure of an aggregate of \$300,000 on the property or December 31, 2012.

The optionor has retained a 2% net smelter returns royalty on the value of mineral produced and delivered from the property. The Company has the right to purchase the royalty by paying \$1,000,000 to the optionor.

During the period the Company abandoned the Virginia Gold property and wrote off all related expenditures in the amount of \$5,937.

3. MINERAL PROPERTY INTERESTS (Continued)

Realization of assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

JET GOLD CORP.
NOTES TO FINANCIAL STATEMENTS
QUARTER ENDED FEBRUARY 28, 2011

4. EQUIPMENT

February 28, 2011			
	Cost	Accumulated Amortization	Net
Computers	\$ 9,058	\$ 7,649	\$ 1,409
Furniture and fixtures	<u>5,277</u>	<u>4,533</u>	<u>744</u>
	<u>\$ 14,335</u>	<u>\$ 12,182</u>	<u>\$ 2,153</u>

August 31, 2010			
	Cost	Accumulated Amortization	Net
Computers	\$ 9,058	\$ 7,458	\$ 1,600
Furniture and fixtures	<u>5,277</u>	<u>4,426</u>	<u>851</u>
	<u>\$ 14,335</u>	<u>\$ 11,884</u>	<u>\$ 2,451</u>

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

(a) Authorized

Unlimited common shares without par value

(b) Issued

	Number of Common Shares	Amount
Balance, August 31, 2009	5,432,192	\$ 5,944,578
Issued for cash		
Private placement	480,000	120,000
Issued for mineral interests	<u>70,000</u>	<u>23,500</u>
Balance, August 31, 2010	5,982,192	\$ 6,088,078
Issued for cash		
Private placement	<u>6,200,370</u>	<u>589,035</u>
Balance, February 28, 2011	<u>12,182,562</u>	<u>\$ 6,677,113</u>

(c) Private placement

In February 2010, the Company closed a private placement of 480,000 units at a price of \$0.25 per unit for gross proceeds of \$120,000. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.50 for a period of one year.

On January 25, 2011, the Company closed a private placement of 6,200,370 units at a price of \$0.095 per unit for gross proceeds of \$589,035. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.125 for a period of five year.

JET GOLD CORP.
NOTES TO FINANCIAL STATEMENTS
QUARTER ENDED FEBRUARY 28, 2011

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (Continued)

(d) Warrants

As at February 28, 2011, the Company has warrants outstanding for the purchase of common shares as follows:

Expiry Date	Exercise Price	Outstanding August 31, 2010	Issued	Expired	Outstanding February 28, 2011
February 10, 2011	\$ 0.50	480,000	-	-	480,000
January 25, 2016	\$0.125	-	6,200,370	-	6,200,370
		480,000	6,200,370	-	6,680,370

As at August 31, 2010, the Company had warrants outstanding for the purchase of common shares as follows:

Expiry Date	Exercise Price	Outstanding August 31, 2009	Issued	Expired	Outstanding August 31, 2010
April 28, 2010	\$ 1.25	640,000	-	640,000	-
February 10, 2011	\$ 0.50	-	480,000	-	480,000
		640,000	480,000	640,000	480,000

JET GOLD CORP.
NOTES TO FINANCIAL STATEMENTS
QUARTER ENDED FEBRUARY 28, 2011

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (Continued)

(e) Stock options

The Company has implemented a rolling stock option plan whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan. As at February 28, 2011, there are 1,209,000 stock options vested and outstanding as follows:

	February 28, 2011		August 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options, beginning of year	543,000	\$0.85	532,200	\$1.05
Granted	800,000	\$0.20	245,800	\$0.50
Forfeited	(134,000)	\$0.76	(235,000)	\$0.95
Options outstanding and exercisable, end of period	1,209,000	\$0.43	543,000	\$0.85

Expiry Date	Weighted Average Remaining Contractual Life	Exercise Price	Outstanding August 31, 2010	Granted	Expired	Cancelled / Forfeited	Outstanding Feb. 28, 2011
September 1, 2010	0.00	\$ 0.50	8,000	-	8,000	-	8,000
March 6, 2011	0.02	\$ 0.65	20,000	-	-	20,000	-
March 9, 2011	0.01	\$ 0.65	15,000	-	-	15,000	-
October 30, 2011	0.04	\$ 0.85	20,000	-	-	-	20,000
January 24, 2012	0.04	\$ 1.00	15,000	-	-	-	15,000
April 18, 2012	0.46	\$ 1.25	154,600	-	-	29,000	125,600
October 15, 2012	0.31	\$ 0.93	80,000	-	-	25,000	55,000
May 5, 2013	0.12	\$ 1.18	24,600	-	-	-	24,600
April 7, 2015	1.74	\$ 0.50	205,800	-	-	52,000	153,800
February 10, 2016	-	\$0.20	-	800,000	-	-	800,000
			543,000	800,000	-	134,000	1,209,000

(f) Stock-based compensation

Stock-based compensation in the amount of \$141,212 (2010 - \$Nil) has been recorded as an expense in the period ended February 28, 2011. The stock-based compensation for the period ended February 28, 2011 and 2010 fiscal year would be allocated as follows:

	February 28, 2011	August 31, 2010
Administration	\$ 105,909	\$ 50,161
Consulting	35,303	10,279
	\$ 141,212	\$ 60,440

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (Continued)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 28, 2011	August 31, 2010
Risk-free interest rate	2.75%	3.05%
Expected dividend yield	-	-
Expected stock price volatility	147%	114%
Expected option life in years	5	5

(g) Contributed surplus

	February 28, 2011	August 31, 2010
Balance, beginning of year	\$ 653,328	\$ 592,888
Stock-based compensation	141,212	60,440
Balance, end of year	\$ 794,540	\$ 653,328

6 RELATED PARTY TRANSACTIONS

- (a) The Company paid \$42,000 (2010 - \$36,000) in administration fees and \$25,000 (2010 - \$15,000) in consulting fees to company's controlled by an officer and a director.
- (b) The Company paid \$2,902 (2010 - \$7,053) for office rent to a company controlled by common members of management.
- (c) Accounts payable and accrued liabilities includes \$42,154 (2010 - \$70,925) due to directors. Amounts owing to directors have no specified terms of repayment or stated terms of interest.

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

7 LOAN PAYABLE

Pursuant to an agreement the Company was advanced a loan in the amount of \$25,000. The loan does not bear interest. The loan has been repaid during the period.

8 SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions of the Company during the period ended February 28, 2011 consisted of:

- (a) the accrual of \$12,564 of deferred exploration costs in accounts payable.

The significant non-cash transactions of the Company during the year ended August 31, 2010 consisted of:

- (b) the accrual of \$19,982 of deferred exploration costs in accounts payable.

9 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of cash, amounts receivable, deposits, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company has classified its cash and deposits as held-for-trading; amounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

Financial risk factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The credit risk associated with cash is minimized by ensuring that these financial assets are held by a major Canadian financial institution with a strong investment-grade rating by a primary ratings agency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company normally maintains sufficient cash to meet the Company's business requirements; however, at February 28, 2011, the cash balance of \$335,701 is insufficient to meet the needs for the coming year. Therefore, the Company will be required to raise additional capital, issue shares to settle debt and/or sell one or more mineral property interest in order to fund its operations in 2011.

	Total	Under 3 Months	4 to 12 Months	1 to 5 Years
Total current liabilities	\$ 92,944	\$ 92,944	\$ -	\$ -

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, foreign currency risk and other price risk.

Interest rate risk

The Company's cash consists of cash held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of February 28, 2011. The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a material effect on interest income.

Foreign currency risk

Some of the Company's assets are exposed to foreign exchange fluctuations. As at February 28, 2011, cash of \$1,709(2010 - \$119) is shown in US dollars and converted into Canadian dollars. The Company's exposure to foreign currency risk is minimal.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company has no financial instruments exposed to such risk.

10 CAPITAL MANAGEMENT

The Company includes the components of shareholders' equity and credit facilities as 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 its mineral interests. 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 Company currently has no source of revenues; as such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

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 period ended November 30, 2010. The Company is not subject to externally imposed capital requirements.

11 SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral resources industry, and in 2 geographical segments, Canada and the United States. The Company's assets held by geographic location are as follows:

February 28, 2011					
	Canada		United States		Total
Cash	\$	335,701	\$	-	\$ 335,701
Mineral interests		166,089		-	166,089
Equipment		2,153		-	2,153
Other		14,556		-	14,556
	\$	518,499	\$	-	\$ 518,499
August 31, 2010					
	Canada		United States		Total
Cash	\$	2,102	\$	-	\$ 2,102
Mineral interests		157,627		5,937	163,564
Equipment		2,451		-	2,451
Other		5,365		-	10,365
	\$	167,545	\$	5,937	\$ 173,482

12. SUBSEQUENT EVENTS

The Company issued 60,000 common shares valued at \$15,900 pursuant to property agreements.