Geomark Exploration Ltd.

Second Quarter 2011

Financial and Operational Highlights

As at and for the periods ended	Three months ended		Six months ended	
	June 30, 2011	June 30, 2010 Restated (1)	June 30, 2011	June 30, 2010 Restated (1)
Financial ($ 000s, except $ per share)				
Revenue				
Mineral Division	177	73	352	143
Oil and Gas Division	547	686	961	1,259
Funds Flow (2)	270	(41)	392	163
Per Share Basic (3)	0.01	(0.00)	0.01	0.00
Per Share Diluted (3)	0.01	(0.00)	0.01	0.00
Cash Flow (Deficiency) from Operations	(24)	(239)	(186)	(216)
Per Share Basic (3)	(0.00)	(0.00)	(0.00)	(0.00)
Per Share Diluted (3)	(0.00)	(0.00)	(0.00)	(0.00)
Net Earnings (Loss)	141	(12)	114	(178)
Per Share Basic (3)	0.00	(0.00)	0.00	(0.00)
Per Share Diluted (3)	0.00	(0.00)	0.00	(0.00)
Capital Expenditures				
Mineral Division	616	-	1,292	-
Oil and Gas Division	10	-	15	157
Total Assets				
Mineral Division			41,170	26,684
Oil and Gas Division			13,589	9,474
Oil and Gas Operations				
Barrels of Oil Equivalent (BOE) per day (4)	124	148	131	154

(1) The comparative highlights have been restated with the adoption of International Financial Reporting Standards (IFRS).

(2) Funds flow is not a recognized measure under IFRS. For these purposes, the Company defines funds flow as cash flow provided by operations after including investment dividend and interest income and the changes in non-cash investing working capital related to these sources of investment income.

(3) Geomark issued one common share upon incorporation on April 20, 2010, and on July 6, 2010 issued 52,039,760 common shares as consideration for the net investment in Geomark Operations with an ascribed net book value of $21,152,000 as at December 31, 2009 and cancelled the original common share. For purposes of the per share calculations, it was assumed that all 52,039,760 shares issued have been outstanding since January 1, 2010.

(4) Barrels of Oil Equivalent (BOE) are calculated using a conversion ratio of 6 MCF to 1 barrel of oil. The conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and as such may be misleading if used in isolation.

Report to Shareholders

Geomark Exploration Ltd. (Geomark or the Company) is pleased to announce its financial and operational results for the three months and six months ended June 30, 2011.

Operations

Diamond drilling continues on two of the Company's eight gold properties in the Timmins area of Ontario. Due to positive results from the first phase of drilling, the drill program was extended to approximately 6,700 meters from an initial 4,000 meters.

A total of 2,659 meters were completed in four drill holes on the 100 percent owned and operated Thornloe gold property. All samples from this program have been in the lab for some time. Despite strong pressure from Geomark, the turnaround of results from the lab has been unacceptably slow and every effort is being made to receive them in the near future.

On the operated Carr-Wilkie property, the first pass drill program of 1,687 meters in three drill holes produced low grade gold values (1.3gmt gold over 10.8 meters, 2.2 gmt over 3.23 meters, and 7.4 gmt gold over 0.4 meters; all in the same drill hole CW19-11) in an area of interesting geology and alteration (For further information, please see the Company's press release dated June 27, 2011).

Follow-up drilling of the target at Carr-Wilkie commenced in July and a total of three additional drill holes (approximately 2,300 meters) was completed in mid August. A different assay lab has been engaged to do the sample work for the follow-up drill program. Results will be reported when received.

Business Development

The Company's business strategy is to acquire early stage mineral properties and to conduct exploration programs on them to advance the prospects to advanced exploration property status or into defined economic deposits.

Despite record high precious metal prices, recent market uncertainty is having an impact on the mineral exploration business. The readily available financing that junior exploration companies enjoyed previously appears to be tightening. While this is obviously not preferable to the industry as a whole, Geomark's large cash position of approximately $39 million and cash flow derived from its oil and gas properties, dividends and interest income (approximately $2.5 million annually) provides it with a strong competitive advantage over its peers.

Geomark personnel have been actively searching for new mineral exploration projects and are encouraged by some of the potentially available properties. Several hundred properties have been examined in the last nine months, with over 25 of these advancing to the Confidentiality Agreement stage and followed up with detailed analysis. Property visits have been undertaken to various projects in North and South America and will continue to be made in various locations in the United States and Canada. The Company's main focus is precious metals (gold and/or silver), but other commodities are being considered on a property by property basis. The Company remains optimistic that additional opportunities will develop in the near-term.

Financial

Geomark's working capital position at June 30, 2011 was approximately $50.7 million, including the value of liquid investments of $11.7 million. The current working capital, anticipated cash flow from oil and gas operations and interest and investment income are more than adequate to cover all planned expenditures for the remainder of the year. The Company's strong financial position provides the Company with flexibility and the means to act quickly in transacting potential property acquisitions.

George F. Fink
Chairman of the Board and Chief Executive Officer

Mark J. Balog
President and Chief Operating Officer

Management's Discussion and Analysis

The following report dated August 18, 2011 is a review of the operations and current financial position for the three and six months ended June 30, 2011 for Geomark Exploration Ltd. (Geomark or the Company) and should be read in conjunction with the condensed consolidated financial statements presented under International Financial Reporting Standards (IFRS), including the notes related thereto, and the audited financial statements presented under Canadian generally accepted accounting principles (Canadian GAAP) for the fiscal year ended December 31, 2010, together with the notes related thereto.

A reconciliation of the new and revised standards and interpretations are outlined in Note 12 of the June 30, 2011 condensed financial statements for the comparative periods.

Transition to IFRS from Canadian GAAP

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (CICA Handbook). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (IFRS) and now requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in the interim financial statements in accordance with International Accounting Standards (IAS) 34 – Interim Financial Reporting (IAS 34) after applying the requirements of International Financial Reporting Standards 1 – First-time Adoption of International Financial Reporting Standards (IFRS 1). In the Management's Discussion and Analysis (MD&A), the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. The Company's financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply with IFRS.

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. On adoption, the Company utilized certain first-time adoption exemptions available resulting in significant changes to the statement of financial position and statement of comprehensive income.

The accounting policies, methods of application, and the use of judgements and estimates followed in the preparation of the condensed consolidated financial statements and the required and allowed exemptions from retrospective application of IFRS from the transition date of January 1, 2010 are the same as those followed in the preparation of Geomark's March 31, 2011 interim condensed consolidated financial statements. Note 15 of our March 31, 2011 condensed consolidated financial statements provides detailed reconciliations between Canadian GAAP and IFRS of shareholders' equity as at January 1, 2010 and December 31, 2010 and of net income for the year ended December 31, 2010. Note 12 of our June 30, 2011 condensed consolidated financial statements provides detailed reconciliations between Canadian GAAP and IFRS of shareholders' equity as at June 30, 2010 and of net income for the three and six months ended June 30, 2010. These reconciliations provide explanations of each major difference.

Basis of Presentation

Geomark was incorporated on April 20, 2010 as a 100 percent wholly-owned subsidiary of Comaplex Minerals Corp. (Comaplex). Pursuant to an acquisition agreement between Comaplex, Agnico-Eagle Mines Ltd. (Agnico-Eagle) and Geomark (the Arrangement), Agnico-Eagle acquired on July 6, 2010 all of the issued and outstanding common shares of Comaplex on the basis of one Comaplex share for 0.1576 of an Agnico-Eagle share. Also on July 6, 2010, Geomark was capitalized with Comaplex's Carved Out Operations' assets and obligations (Geomark Operations), including a 100 percent wholly-owned subsidiary WMC International Limited. In return, Geomark's common shares were distributed to the shareholders of Comaplex, other than Agnico-Eagle and Perfora Investments S.a.r.l. (Perfora) (a wholly owned subsidiary of Resource Capital Fund III

L.P.), on the basis of one Geomark share for every Comaplex share. The initial share issued to Comaplex was then cancelled.

As Geomark and the Geomark Operations were under common control, these consolidated financial statements have been presented on a continuity-of-interest basis of accounting and represent the activities of the above noted entities from the date each commenced operations. The consolidated financial statements presented for comparative purposes reflect the financial position, results of operations and cash flows as if Geomark had been consolidated with the Geomark Operations since inception.

Use of non-IFRS financial measures

Included in this Management's Discussion and Analysis (MD&A) we use the term "funds flow" to analyze the Company's operating performance. Funds flow is not a standardized measure recognized under IFRS and does not have a standardized meaning prescribed by IFRS. This funds flow calculation is considered by management to be informative for shareholders and analysts. This measure may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies.

Geomark's funds flow is calculated by adding investment dividend and interest income and the changes in non-cash investing working capital related to these sources of investment income to cash flow (deficiency) from operating activities.

Forward-Looking Statements

Certain statements contained in this MD&A include statements which contain words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "believe" and similar expressions, statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about development, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this MD&A includes, but is not limited to: expected cash provided by continuing operations; future capital expenditures, including the amount and nature thereof; mineral prices and demand, oil and natural gas prices and demand; expansion and other development trends of the mineral and oil and gas industry; business strategy and outlook; expansion and growth of our business and operations; and maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; credit risks; and other such matters.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of mineral companies to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived therefrom. Except as required by law, Geomark disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

The forward-looking information contained herein is expressly qualified by this cautionary statement.

QUARTERLY FINANCIAL AND OPERATIONAL HIGHLIGHTS

	IFRS					
	2011		2010			
($ 000s, except $ per share)	**Q2**	Q1	Q4	Q3	Q2	Q1
Revenue						
Minerals Division	**177**	175	179	13,636	73	70
Oil and Gas Division	**547**	414	443	526	686	573
Funds flow	**270**	122	300	60	(41)	204
Per Share Basic and Diluted [1]	**0.01**	0.00	0.01	0.00	(0.00)	0.00
Cash Flow (Deficiency) From Operations	**(24)**	(162)	(1)	(182)	(239)	23
Per Share Basic and Diluted [1]	**(0.00)**	(0.00)	(0.00)	(0.00)	(0.00)	0.00
Net Earnings (Loss)	**141**	(27)	186	13,274	(12)	(166)
Per Share Basic and Diluted [1]	**0.00**	(0.00)	0.00	0.26	(0.00)	(0.00)
Capital Expenditures						
Minerals Division	**616**	677	179	47	-	-
Oil and Gas Division	**10**	4	8	1	-	157
Oil and Gas Operations						
Barrels of Oil Equivalent (BOE) per day [2]	**124**	139	125	161	148	161

	Canadian GAAP			
	2009			
($ 000s, except $ per share)	Q4	Q3	Q2	Q1
Revenue				
Minerals Division	72	59	77	39
Oil and Gas Division	549	367	425	557
Cash Flow (Deficiency) From Operations and funds flow	(77)	123	(262)	(76)
Per Share Basic and Diluted [1]	(0.00)	0.00	(0.01)	(0.00)
Net Earnings (Loss)	(673)	(461)	(318)	(109)
Per Share Basic and Diluted [1]	(0.01)	(0.01)	(0.01)	(0.00)
Capital Expenditures				
Minerals Division	-	-	-	-
Oil and Gas Division	144	112	184	164
Oil and Gas Operations				
Barrels of Oil Equivalent (BOE) per day [2]	139	139	150	177

(1) Geomark issued one common share upon incorporation on April 20, 2010, and on July 6, 2010 issued 52,039,760 common shares as consideration for the net investment in Geomark Operations with an ascribed net book value of $21,152,000 as at December 31, 2009 and cancelled the original common share. For purposes of the per share calculations, it was assumed that all 52,039,760 shares issued have been outstanding since January 1, 2009.

(2) Barrels of Oil Equivalent (BOE) are calculated using a conversion ratio of 6 MCF to 1 barrel of oil. The conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and as such may be misleading if used in isolation.

RESULTS OF OPERATIONS

Production

	Three months ended			Six months ended	
	June 30, 2011	March 31, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Natural gas (MCF per day)	**530**	609	622	**570**	674
Natural gas liquids (barrels per day)	**35**	38	44	**36**	42
Total BOE per day	**124**	139	148	**131**	154

Average production was lower in the first half of 2011 compared to the first half of 2010 due to natural production declines and flush production from a field optimization program conducted in the latter half of 2009 and early 2010 that increased the prior period production. Production decreased in Q2 2011 compared to Q1 2011 due to natural production declines.

Revenues

	Three months ended			Six months ended	
($ 000s)	**June 30, 2011**	March 31, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Minerals Division Revenue:					
Interest and other	**177**	175	73	**352**	143
Oil and Gas Division Revenue:					
Oil and gas sales	**434**	443	507	**877**	1,064
Less:					
Crown royalties	**30**	163	(64)	**193**	12
Freehold royalties	**13**	13	13	**26**	32
Total Royalties	**43**	176	(51)	**219**	44
Oil and gas sales, net of royalties	**391**	267	558	**658**	1,020
Dividend income	**156**	147	128	**303**	239
Total Oil and Gas Division Revenue	**547**	414	686	**961**	1,259
Average Realized Prices (Cdn $):					
Natural gas (per MCF)	**4.04**	3.87	4.50	**3.95**	4.82
Natural gas liquids (per barrel)	**74.43**	67.02	62.07	**70.62**	61.96
Royalties – percentage of revenue	**10.0**	39.7	(10.1)	**25.0**	4.1
Royalties $ per BOE	**3.85**	14.02	(3.79)	**9.21**	1.58

Interest and other income for the first half of 2011 increased by $209,000 from the first half of 2010. The increase in interest income was mainly due to the receipt of a $13,500,000 contingent receivable and a higher interest rate earned on $8,000,000 additional funds loaned to Bonterra Energy Corp. (Bonterra) in the third quarter of 2010 (see related party transactions).

Revenue from petroleum and natural gas sales decreased 18 percent in the first six months of 2011 compared to the first six months of 2010 due to a decrease in natural gas prices and lower production volumes; this was partially offset by higher natural gas liquid prices. Quarter over quarter the Company saw a decrease in revenue due to lower production volumes, which was partially offset by higher commodity prices.

On February 1, 2009, the operator of one of the Company's oil and gas properties unilaterally stopped allocating natural gas production (approximately 55 MCF per day) to Geomark and the other minority interest partners based on the operator's interpretation of the pooling agreement. It is the Company's position that this interpretation of the agreement is incorrect and the non-operating partners should continue to receive this production. None of the natural gas in dispute has been recorded as sales from this property. Geomark has filed a claim against the operator. Until the matter is resolved, no amounts will be accrued in respect of this production.

Crown royalties for the first half of 2011 were higher than the first half of 2010 because $102,000 of crown royalties were recovered in Q2 2010 relating to the Alberta crown royalty drilling credits program.

To minimize royalty expense Geomark acquired a total of $204,000 in Alberta crown royalty drilling credits from Bonterra for $102,000 in two separate transactions of equal amounts. One transaction was completed in the first quarter of 2010 and the other transaction was completed in the last quarter of 2009. These Alberta crown royalty drilling credits reduce Alberta crown royalty expense to a maximum of 50 percent of crown royalties payable. The crown royalty drilling credit program expired March 31, 2011.

Due to delays in recognition of the change in ownership for the oil and gas properties from Comaplex to Geomark by industry partners and the Alberta Crown the correct allocation of production volumes and crown royalty amounts payable could not be accurately determined between Companies. Therefore the correct allocation of gas cost allowance (GCA) deductions and crown royalty drilling credits could not be applied appropriately. In the second quarter of 2011 the differences were resolved resulting in a large crown royalty recovery as the appropriate GCA deductions and crown royalty drilling credits were applied related to prior periods.

Dividend income from Bonterra increased in the first half of 2011 over 2010. This was due to Bonterra increasing its dividends to $1.48 per share for the first six months of 2011 from $1.17 per share for the first six months of 2010. Dividend income also increased quarter over quarter as a result of the dividend received from Bonterra increasing to $0.76 per share in the second quarter from $0.72 per share in the first quarter.

Production Costs

	Three months ended			Six months ended	
	June 30, 2011	March 31, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Production costs – Natural gas/NGLs ($ 000s)	**119**	103	161	**222**	295
$ per BOE	**10.61**	8.21	11.94	**9.35**	10.56

Lower production costs for the first six months of 2011 compared to the first six months of 2010 are a result of a reduction in production volumes and costs due to the field optimization program conducted in the first quarter of 2010 that substantially increased production volumes for that period. Q2 2011 production costs increased in relation to Q1 2011 due to the payment of mineral taxes in the second quarter of 2011.

General and Administrative (G&A) Expenses

($ 000s)	Three months ended **June 30, 2011**	March 31, 2011	June 30, 2010	Six months ended **June 30, 2011**	June 30, 2010
Office and administration – Minerals	**68**	126	221	**194**	362
Office and administration – Oil and Gas	**31**	25	43	**56**	78
Employee compensation	**176**	169	152	**345**	337
Unwinding of the discounted value of decommissioning liabilities	**3**	3	2	**6**	4
Total general and administrative expenses	**278**	323	418	**601**	781

Minerals division office and administrative costs decreased by $168,000 in the first half of 2011 compared to the first half of 2010 due to decreased continuous disclosure costs and filing fees as Geomark is on the TSX Venture Exchange and Comaplex was listed on the TSX. This was partially offset by a decrease in overhead being capitalized. Q2 2011 decreased over Q1 2011 due to an increase in direct overhead being capitalized for work done on mineral properties and a reduction on insurance premiums.

The Oil and Gas division G&A costs have decreased from the first six months of 2011 compared to the first six months of 2010 mainly due to decreased oil and gas engineering costs.

Share-Based Compensation

($ 000s)	Three months ended **June 30, 2011**	March 31, 2011	June 30, 2010	Six months ended **June 30, 2011**	June 30, 2010
Share-based compensation	**157**	169	160	**326**	333

Share-based compensation are a statistically calculated value representing the estimated expense of issuing employee stock options. The Company records a compensation expense over the vesting period based on the fair value of options granted to employees, directors and consultants. Share-based compensation decreased in Q2 2011 compared to Q1 2011. The decrease was due to the forfeiture of 180,000 stock options, which caused previous amounts expensed in prior periods to be reversed. This was partially offset by a full quarter of amortization on the 450,000 options issued in Q1 2011. Based on currently outstanding options, the Company anticipates that an expense of approximately $236,000 will be recorded for the balance of 2011, $276,000 for 2012, $93,000 for 2013 and $3,000 for 2014.

The estimated weighted average fair value of 450,000 share options (December 31, 2010 – 3,009,000) granted during the period was $263,000 (December 31, 2010 - $984,000) ($0.58 per option (December 31, 2010 - $0.33 per option)). No options were exercised during the period.

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

	June 30, 2011	December 31, 2010
Weighted-average risk free interest rate (%) (1)	**2.2**	1.8
Expected life (years)	**3.3**	3.3
Weighted-average volatility (%) (2)	**57.0**	57.0
Forfeiture rate (%)	**0.0**	0.0
Dividend yield (%)	**0.0**	0.0

(1) Risk-free interest rate is based on the weighted average Government of Canada benchmark bond yields for two, three and five year terms to match corresponding vesting periods.
(2) The expected volatility is measured as the standard deviation of expected share price returns based on statistical analysis of historical weekly share prices for a representative period.

Depletion, Depreciation and Impairment Expense

	Three months ended			Six months ended	
($ 000s)	**June 30, 2011**	March 31, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Depletion and depreciation expense	**59**	63	93	**122**	164

The decrease in depletion and depreciation for the first six months of 2011 compared to 2010 is primarily related to decreased production volumes.

Capital costs that result in the addition of reserves on oil and gas or mineral properties are depleted using the unit-of-production basis by producing field or mine. Oil and gas tangible assets, such as well equipment, are depreciated at a 20 percent declining balance per year. Mineral assets consist of exploration and evaluation costs and presently do not have proved producing reserves and are therefore not subject to depletion. The Company reviews the carrying value of its mineral properties on an ongoing basis and reduces the cost of properties if it is determined that the property values are lower than the property cost. Equipment is depreciated at 10 to 20 percent declining balance per year.

Income Taxes (Recovery)

	Three months ended			Six months ended	
($ 000s)	**June 30, 2011**	March 31, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Deferred tax (recovery)	**(30)**	(42)	(61)	**(72)**	7

The Company has adopted the liability method of accounting for income taxes under which the deferred tax provision is based on the temporary differences between the carrying values and tax values of assets and liabilities using income tax rates expected to apply in the year in which the temporary differences will reverse. The Company has no current income tax expense as it has sufficient tax pools to ensure that no current income taxes are payable.

Due to changes in estimates, tax rates and other differences in the Geomark Operations compared to the legal entity tax returns of Comaplex prior to July 6, 2010, Geomark incurred a deferred tax expense in the first half of 2010 versus deferred tax recovery in 2011.

The Company has the following tax pools which may be used to reduce taxable income in future years limited to the applicable rates of utilization:

	Rate of Utilization (%)	Amount ($ 000s)
Undepreciated capital costs	20 - 100	1,082
Canadian oil and gas property expenditures	10	4,496
Canadian development expenditures	30	60
Canadian exploration expenditures	100	1,392
Non-capital loss carryforward (1)	100	603
		7,633

(1) Federal income tax losses carried forward expire in the following years; 2030 - $330,000 and 2031 - $273,000.

Net Earnings (Loss)

	Three months ended			Six months ended	
($ 000s)	**June 30, 2011**	March 31, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Net earnings (loss)	**141**	(27)	(12)	**114**	(178)

Net earnings for the first half of 2011 increased compared to the first half of 2010 primarily due to increased interest and dividend income, decreased G&A and production costs, and a deferred tax recovery versus a deferred tax expense. This increase was partially offset by decreased oil and gas sales and an increase in crown royalty expense. The increase in net earnings in Q2 2011 compared to Q1 2011 is mainly attributable to decreased crown royalty expense and lower office and administration costs.

Other Comprehensive Income

Other comprehensive income relates entirely to the changes in fair value of Geomark's investments in Bonterra and Pine Cliff Energy Ltd. (Pine Cliff). During the first six months of 2011, the market value of the investments increased by $1,008,000 for the six months ended June 30, 2011 compared to a $46,000 increase for the six months ended June 30, 2010. In the second quarter of 2011, the market value of the investments increased by $225,000 (Q1 2011 – increase of $783,000).

Funds Flow

	Three months ended			Six months ended	
($ 000s)	**June 30, 2011**	March 31, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
Cash flow (deficiency) from operations	**(24)**	(162)	(239)	**(186)**	(216)
Add the effects of investment dividend and interest income					
Dividend income	**156**	147	128	**303**	239
Interest income	**177**	175	70	**352**	140
Change in non-cash working capital	**(39)**	(38)	-	**(77)**	-
Funds flow	**270**	122	(41)	**392**	163

Funds flow increased $229,000 in the first six months of 2011 compared to the first six months of 2010. The increase was primarily due to increased dividend and interest income and an increase in changes in non-cash working capital from operating activities. This increase was partially offset by decreased oil and gas revenue, increased crown royalties, and the settling of decommissioning liabilities. Q2 2011 funds flow increased from

Q1 2011 due to the recovery of crown royalties paid and a decrease in G&A costs. This increase was partially offset by an increase in the settlement of decommissioning liabilities in the second quarter.

Liquidity and Capital Resources

At June 30, 2011, Geomark had a positive working capital position of $39,034,000 (December 31, 2010 - $39,923,000). These numbers do not include the value of liquid investments of $11,681,000 at June 30, 2011 (December 31, 2010 - $10,673,000).

Capital expenditures of $1,227,000 (June 30, 2010 - $Nil) were incurred on Geomark's mineral properties. Capital expenditures of $80,000 (June 30, 2010 - $157,000) were incurred on Geomark's oil and natural gas assets for capital maintenance projects. The Company is currently examining its 2011 capital budget for its mineral exploration operations. Capital expenditures for the oil and natural gas assets are expected to be less than $250,000 for the remainder of 2011.

The Company's authorized share capital consists of an unlimited number of common shares without nominal or par value as well as an unlimited number of first preferred shares. A summary of the issued status of the common shares and changes for the period ended June 30, 2011 are as follows:

	Number	Amount ($ 000s)
Common Shares		
Balance, January 1, 2010[1]	52,039,760	21,152
Additional net investment to Comaplex		(641)
Balance, December 31, 2010 and June 30, 2011	52,039,760	20,511

[1] Geomark issued one common share upon incorporation on April 20, 2010, and on July 6, 2010 issued 52,039,760 common shares as consideration for the net investment in Geomark Operations with an ascribed net book value of $21,152,000 as at December 31, 2009 and cancelled the original common share. For purposes of the earnings per share calculation, it was assumed that all 52,039,760 shares issued have been outstanding since January 1, 2010.

The Company provides a stock option plan for its directors, officers, employees and consultants. Under the plan, the Company may grant options for up to 10 percent of the outstanding common shares which as of June 30, 2011 was 5,203,976. The exercise price of each option granted will not be lower than the market price of the Company's stock on the date of grant and the option's maximum term is five years. Options generally vest one-third each year for the first three years of the option term.

A summary of the status of the Company's stock option plan as of June 30, 2011 and December 31, 2010, and changes during the six month and twelve month periods ended on those dates is presented below:

	June 30, 2011		December 31, 2010	
	Options	**Weighted-Average Exercise Price**	Options	Weighted-Average Exercise Price
Outstanding at beginning of period	**3,009,000**	**$ 0.80**	-	$ -
Options issued	**450,000**	**1.42**	3,009,000	0.80
Options forfeited	**(180,000)**	**0.80**	-	-
Outstanding at end of period	**3,279,000**	**$ 0.89**	3,009,000	$ 0.80
Options exercisable at end of period	**-**	**$ -**	-	$ -

The following table summarizes information about options outstanding at June 30, 2011:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at June 30, 2011	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at June 30, 2011	Weighted-average exercise price
\$ 0.80 to \$ 1.00	2,817,000	2.2 years	\$ 0.80	-	\$ -
1.05 to 1.25	12,000	2.9 years	1.25	-	-
1.25 to 1.60	450,000	3.1 years	1.42	-	-
\$ 0.80 to \$ 1.60	3,279,000	2.3 years	\$ 0.89	-	\$ -

Related Party Transactions

Geomark paid a management fee to Bonterra of \$135,000 for the first half of 2011 (June 30, 2010 - \$180,000 paid by Comaplex). Bonterra is a publicly traded oil and gas corporation listed on the Toronto Stock Exchange, that has common directors and management with Geomark. Services provided by Bonterra include executive services (executive and finance duties), accounting services, oil and gas administration and office administration. All services performed are charged at estimated fair value. Geomark also shares costs with Bonterra for office rental, employee benefits compensation and office materials. These costs have been included in office and administrative costs. As at June 30, 2011, Geomark had amounts owing to Bonterra of \$33,000 (December 31, 2010 - \$35,000).

Bonterra owns 689,682 (December 31, 2010 – 689,682) common shares in Geomark and previous to July 6, 2010 the equivalent amount in Comaplex.

In 2010, Bonterra sold \$102,000 of Alberta crown royalty drilling credits to Geomark for \$51,000. Crown royalty drilling credits were used to reduce crown royalties paid by Geomark by up to \$102,000.

Geomark assets at June 30, 2011 include, 204,633 (December 31, 2010 – 204,633) common shares in Bonterra representing just over one percent of the outstanding shares of Bonterra. The shares have a fair value of \$11,619,000 (December 31, 2010 - \$10,569,000). For the six month period ended June 30, 2011, Geomark received dividend income of \$303,000 (June 30, 2010 - \$239,000 received by Comaplex) from this investment.

At June 30, 2011, Geomark has loaned Bonterra \$20,000,000 (December 31, 2010 - \$20,000,000). The loan is subordinated to Bonterra’s bank debt and is unsecured, bears interest at Canadian chartered bank prime less 5/8 of a percent and has no set repayment terms. The loan is payable upon demand subject to availability under Bonterra’s line of credit. At June 30, 2011, Bonterra has sufficient room under its line of credit to repay the loan. Interest earned on the loan during the six month period ended June 30, 2011 was \$236,000 (June 30, 2010 - \$114,000 received by Comaplex).

Geomark assets at June 30, 2011 also include, 346,000 (December 31, 2010 – 346,000) common shares in Pine Cliff Energy Ltd. (Pine Cliff). Pine Cliff has common directors and management with the Company. Pine Cliff trades on the TSX Venture Exchange. As of June 30, 2011, the common shares have a fair value of \$62,000 (December 31, 2010 - \$104,000). The ownership of 346,000 common shares represents less than one percent of the total issued and outstanding common shares of Pine Cliff. There were no transactions between Pine Cliff and Geomark.

Sensitivity Analysis

The Company is still in the exploration stage of development of its mineral exploration properties and as such generates nominal cash flow or earnings from these properties. Some of the Company’s interest income is subject to the Canadian prime rate and as such, changes of one percent in the prime interest rate would have no significant impact on the net earnings or comprehensive income per share of the Company.

In addition, the Company's petroleum and natural gas operations also provide only moderate cash flow and as such changes of $1.00 U.S. per barrel in the price of crude oil, $0.10 per MCF in the price of natural gas, and $0.01 change in the Cdn/U.S. exchange rate would also have no significant impact on the net earnings or comprehensive income per share of the Company.

Financial Reporting Update

Recent Accounting Pronouncements

Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9 "Financial Instruments"

The result of the first phase of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value.

IFRS 10 "Consolidated Financial Statements"

Replaces Standing Interpretations Committee 12, "Consolidation - Special Purpose Entities" and the consolidation requirements of IAS 27 "Consolidated and Separate Financial Statements". The new standard replaces the existing risk and rewards based approaches and establishes control as the determining factor when determining whether an interest in another entity should be included in the consolidated financial statements.

IFRS 11 "Joint Arrangements"

Replaces IAS 31 "Interest in Joint Ventures". The new standard focuses on the rights and obligations of an arrangement, rather than its legal form. The standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted.

IFRS 12 "Disclosure of Interests in Other Entities"

Provides comprehensive disclosure requirements on interests in other entities, including joint arrangements, associates, and special purpose vehicles. The new disclosures require information that will assist financial statement users in evaluating the nature, risks and financial effects of an entity's interest in subsidiaries and joint arrangements.

IFRS 13 "Fair Value Measurement"

Provides a common definition of fair value within IFRS. The new standard provides measurement and disclosure guidance and applies when IFRS requires or permits the item to be measured at fair value, with limited exceptions. This standard does not determine when an item is measured at fair value and as such does not require new fair value measurements.

Additionally, as of July 1, 2012, Geomark will be required to adopt amendments to IAS 1 "Presentation of Financial Statements" which will require companies to group together items within Other Comprehensive Income that may be reclassified to the net earnings section of the comprehensive income statement. Geomark does not expect a material impact as a result of the amendment.

Additional information

Additional information relating to Geomark may be found on **www.sedar.com** and by visiting our website at **www.geomark.ca**.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

The audit committee has reviewed these financial statements with management and has reported to the Board of Directors. The Board of Directors has approved the financial statements as presented in this interim report.

GEOMARK EXPLORATION LTD.

Condensed Consolidated Statements of Financial Position

(See Note 1: Basis of Presentation)

As at (unaudited) ($ 000s)	**Note**	**June 30, 2011**	December 31, 2010 (Note 12)
Assets			
Current			
Cash		**7,440**	8,110
Term investment	**3**	**12,000**	12,000
Accounts receivable		**445**	265
Prepaid expenses		**66**	33
Loan to related party	**4**	**20,000**	20,000
		39,951	40,408
Investments	**4**	**11,681**	10,673
Exploration and evaluation assets	**5**	**1,453**	226
Property, plant and equipment	**6**	**1,674**	1,716
		54,759	53,023
Liabilities			
Current			
Accounts payable and accrued liabilities		**917**	485
Decommissioning liabilities		**248**	320
		1,165	805
Shareholders' equity			
Share capital	**8**	**20,511**	20,511
Contributed surplus	**8**	**580**	254
Retained earnings		**24,485**	24,371
Accumulated other comprehensive income		**8,018**	7,082
Total Shareholders' Equity		**53,594**	52,218
		54,759	53,023

See accompanying notes to these condensed consolidated financial statements.

GEOMARK EXPLORATION LTD.
Condensed Consolidated Statements of Comprehensive Income

(See Note 1: Basis of Presentation)

For the periods ended June 30 (unaudited)		Three Months		Six Months	
($ 000s, except $ per share)	**Note**	**2011**	2010 (Note 12)	**2011**	2010 (Note 12)
Revenue					
Oil and gas sales, net of royalties	**9**	**391**	558	**658**	1,020
Dividend income	**4**	**156**	128	**303**	239
Interest income		**177**	73	**352**	143
		724	759	**1,313**	1,402
Expenses					
Production costs		**119**	161	**222**	295
Office and administration		**102**	266	**256**	444
Employee compensation		**176**	152	**345**	337
Share-based compensation	**8**	**157**	160	**326**	333
Depletion and depreciation	**6**	**59**	93	**122**	164
		613	832	**1,271**	1,573
Earnings (loss) before income taxes		**111**	(73)	**42**	(171)
Income taxes (recovery)					
Deferred	**7**	**(30)**	(61)	**(72)**	7
		(30)	(61)	**(72)**	7
Net earnings (loss)		**141**	(12)	**114**	(178)
Other comprehensive income (loss)					
Unrealized gains (losses) on investments		**225**	(447)	**1,008**	46
Deferred taxes on unrealized losses (gains) on investments		**(29)**	54	**(72)**	(6)
		196	(393)	**936**	40
Total comprehensive income (loss)		**337**	(405)	**1,050**	(138)
Net income (loss) per share – Basic and Diluted	**8**	**0.00**	**(0.00)**	**0.00**	**(0.00)**
Comprehensive income (loss) per share – Basic and Diluted	**8**	**0.01**	**(0.01)**	**0.02**	**(0.00)**

See accompanying notes to these condensed consolidated financial statements.

GEOMARK EXPLORATION LTD.
Condensed Consolidated Statements of Cash Flow

(See Note 1: Basis of Presentation)

For the periods ended June 30 (unaudited)	Three Months		Six Months	
		2010		2010
($ 000s)	**2011**	(Note 12)	**2011**	(Note 12)
Operating Activities				
Earnings (loss) before income taxes	**111**	(73)	**42**	(171)
Items not affecting cash				
Share-based compensation	**157**	160	**326**	333
Depletion and depreciation	**59**	93	**122**	164
Unwinding of the discounted value of decommissioning liabilities	**3**	2	**6**	4
Dividend income	**(156)**	(128)	**(303)**	(239)
Interest income	**(177)**	(73)	**(352)**	(143)
Change in non-cash working capital				
Accounts receivable	**(68)**	(140)	**(53)**	(47)
Prepaid expenses	**(17)**	91	**(33)**	127
Accounts payable and accrued liabilities	**122**	(166)	**138**	(238)
Decommissioning liabilities settled	**(58)**	(5)	**(79)**	(6)
Cash used in operating activities	**(24)**	(239)	**(186)**	(216)
Financing Activities				
Net investment by Comaplex Minerals Corp.	**-**	(4,135)	**-**	(1,505)
Cash provided by (used in) financing activities	**-**	(4,135)	**-**	(1,505)
Investing Activities				
Dividend income	**156**	128	**303**	239
Interest income	**177**	70	**352**	140
Exploration and evaluation expenditures	**(616)**	-	**(1,227)**	-
Property, plant and equipment expenditures	**(10)**	-	**(80)**	(157)
Property, plant and equipment proceeds	**-**	60	**-**	60
Change in non-cash operating working capital items				
Accounts receivable	**(70)**	-	**(127)**	-
Accounts payable	**53**	-	**295**	-
Cash provided by (used in) investing activities	**(310)**	258	**(484)**	282
Net Cash Outflow	**(334)**	(4,116)	**(670)**	(1,439)
Cash, beginning of the period	**7,774**	18,728	**8,110**	16,051
Cash, end of the period	**7,440**	14,612	**7,440**	14,612
Non-cash financing transactions				
Net investment by Comaplex Minerals Corp.	**-**	94	**-**	327

See accompanying notes to these condensed consolidated financial statements.

GEOMARK EXPLORATION LTD.

Condensed Consolidated Statements of Changes in Equity

(See Note 1: Basis of Presentation)

For the periods ended (unaudited)
($ 000s except for number of common shares outstanding)

	Number of common shares (Note 8)	Share capital (Note 8)	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
January 1, 2010	52,039,760	21,152	-	4,495	11,089	36,736
Net investment by Comaplex Minerals Corp.		(1,178)				(1,178)
Comprehensive income (loss) for the six months				40	(178)	(138)
June 30, 2010	52,039,760	19,974	-	4,535	10,911	35,420
Share-based compensation			254			254
Net investment by Comaplex Minerals Corp.		537				537
Comprehensive income for the six months				2,547	13,460	16,007
December 31, 2010	52,039,760	20,511	254	7,082	24,371	52,218
Share-based compensation			326			326
Comprehensive income for the six months				936	114	1,050
June 30, 2011	**52,039,760**	**20,511**	**580**	**8,018**	**24,485**	**53,594**

See accompanying notes to these condensed consolidated financial statements.

GEOMARK EXPLORATION LTD.
Notes to the Condensed Consolidated Financial Statements

As at June 30, 2011 and December 31, 2010 and for the three and six month periods ended June 30, 2011 and 2010 (unaudited)

1. BASIS OF PRESENTATION

Geomark Exploration Ltd. (Geomark or the Company) was incorporated on April 20, 2010 as a 100 percent wholly-owned subsidiary of Comaplex Minerals Corp. (Comaplex). On July 6, 2010, Geomark was capitalized with Comaplex's Carved Out Operations' assets and obligations (the Geomark Operations), including a 100 percent wholly-owned subsidiary WMC International Limited. In return, Geomark's common shares were distributed to the shareholders of Comaplex, other than Agnico-Eagle Mines Limited (Agnico-Eagle) and Perfora Investments S.a.r.l. (Perfora), on the basis of one Geomark share for every Comaplex share.

As Geomark and the Geomark Operations were under common control, these consolidated financial statements have been presented on a continuity-of-interest basis of accounting and represent the activities of the above noted entities from the date each commenced operations. The consolidated financial statements presented for comparative purposes reflect the financial position, results of operations and cash flows as if Geomark had been consolidated with the Geomark Operations since inception.

Geomark is a widely held public company listed on the TSX Venture Exchange. The address of the Company's registered office is Suite 901, 1015 4th Street SW, Calgary, Alberta, Canada. Geomark has two reportable segments. The Company's primary activity is to explore for both base and precious metals in Canada and internationally, and to a lesser extent, the development and production of oil and natural gas in the Western Canadian Sedimentary Basin.

2. BASIS OF PREPARATION

a) Statement of compliance

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (CICA Handbook). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (IFRS), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in the interim financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34) after applying the requirements of International Financial Reporting Standards (IFRS) 1 – First-time Adoption of International Financial Reporting Standards ("IFRS 1"). In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The accounting policies, methods of application, and the use of judgments and estimates followed in the preparation of the condensed consolidated financial statements and the required and allowed exemptions from retrospective application of IFRS from the transition date of January 1, 2010 are the same as those followed in the preparation of Geomark's March 31, 2011 interim condensed consolidated financial statements and should be read in conjunction with the March 31, 2011 interim condensed consolidated financial statements and the audited financial statements presented under Canadian GAAP for the fiscal year ended December 31, 2010 together with the notes related thereto.

The June 30, 2010 comparative reconciliations to IFRS from the previously published Canadian GAAP consolidated financial statements are summarized in Note 12.

b) Recent pronouncements issued

Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9 “Financial Instruments”

The result of the first phase of the IASB’s project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value.

IFRS 10 “Consolidated financial Statements”

Replaces Standing Interpretations Committee 12, “Consolidation - Special Purpose Entities” and the consolidation requirements of IAS 27 “Consolidated and Separate Financial Statements”. The new standard replaces the existing risk and rewards based approaches and establishes control as the determining factor when determining whether an interest in another entity should be included in the consolidated financial statements.

IFRS 11 “Joint Arrangements”

Replaces IAS 31 “Interest in Joint Ventures”. The new standard focuses on the rights and obligations of an arrangement, rather than its legal form. The standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted.

IFRS 12 “Disclosure of Interests in Other Entities”

Provides comprehensive disclosure requirements on interests in other entities, including joint arrangements, associates, and special purpose vehicles. The new disclosures require information that will assist financial statement users in evaluating the nature, risks and financial effects of an entity’s interest in subsidiaries and joint arrangements.

IFRS 13 "Fair Value Measurement"

Provides a common definition of fair value within IFRS. The new standard provides measurement and disclosure guidance and applies when IFRS requires or permits the item to be measured at fair value, with limited exceptions. This standard does not determine when an item is measured at fair value and as such does not require new fair value measurements.

Additionally, as of July 1, 2012, Geomark will be required to adopt amendments to IAS 1 “Presentation of Financial Statements” which will require companies to group together items within Other Comprehensive Income that may be reclassified to the net earnings section of the comprehensive income statement. Geomark does not expect a material impact as a result of the amendment.

3. TERM INVESTMENT

Term investment is a guaranteed investment certificate (GIC) that accrues interest at 1.3 percent per annum, matures on November 8, 2011 and the GIC plus accrued interest is redeemable on demand. Interest earned on the GIC for the six month period ended June 30, 2011 was $78,000 (June 30, 2010 - $Nil).

4. RELATED PARTY TRANSACTIONS

Geomark paid a management fee of $135,000 for the six month period ended June 30, 2011 (June 30, 2010 - $180,000 paid by Comaplex) to Bonterra Energy Corp. (Bonterra) a publicly traded oil and gas corporation listed on the Toronto Stock Exchange, that has common directors and management with Geomark. Geomark also shares costs with Bonterra for office rental, employee benefits compensation and office materials. These costs have been included in office and administrative expenses. Services provided by Bonterra include executive services (executive and finance duties), accounting services, oil and gas technical services and office administration.

In 2010, Bonterra sold $102,000 of Alberta crown royalty drilling credits to Geomark for $51,000. Crown royalty drilling credits were used to reduce crown royalties paid by Geomark by up to $102,000.

Bonterra owns 689,682 (December 31, 2010 – 689,682) common shares in Geomark representing just over one percent of the outstanding shares.

At June 30, 2011, Geomark owns 204,633 (December 31, 2010 – 204,633) shares in Bonterra representing just over one percent of the outstanding shares of Bonterra. The shares have a fair value of $11,619,000 (December 31, 2010 - $10,569,000). For the six month period ended June 30, 2011, Geomark received dividend income of $303,000 (June 30, 2010 - $239,000 received by Comaplex) from this investment.

At June 30, 2011, Geomark also owns 346,000 (December 31, 2010 – 346,000) common shares in Pine Cliff Energy Ltd. (Pine Cliff). Pine Cliff has common directors and management with Geomark. Pine Cliff shares trade on the TSX Venture Exchange. As of June 30, 2011, the common shares have a fair value of $62,000 (December 31, 2010 - $104,000). Geomark's ownership of 346,000 common shares represents less than one percent of the total issued and outstanding common shares of Pine Cliff.

At June 30, 2011, Geomark had amounts owing to Bonterra of $33,000 (December 31, 2010 - $35,000).

In the third quarter of 2010 Geomark increased Bonterra's loan from $12,000,000 to a total loan of $20,000,000. At June 30, 2011, Geomark has loaned Bonterra a total of $20,000,000 (December 31, 2010 - $20,000,000). The loan is subordinated to Bonterra's bank debt and is unsecured, bears interest at Canadian chartered bank prime less 5/8 of a percent and has no set repayment terms. The loan is payable upon demand subject to availability under Bonterra's line of credit. At June 30, 2011, Bonterra has sufficient room under its line of credit to repay the loan. Interest earned on the loan during the six month period ended June 30, 2011 was $236,000 (June 30, 2010 - $114,000 received by Comaplex).

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

Compensation of key management personnel

($ 000s)	**June 30, 2011**	June 30, 2010
Compensation	**117**	121
Share-based compensation	**177**	145
	294	266

Key management personnel are those persons, including all directors, having authority and responsibility for planning, directing and controlling the activities of the Company. Employee compensation includes key management personnel paid through Geomark. Other key management personnel are not paid through Geomark as their services are included in the management fee from Bonterra.

5. EXPLORATION AND EVALUATION ASSETS (E&E ASSETS)

($ 000s)	Mineral E&E assets
Cost	
Balance at January 1, 2010	-
Acquisitions	61
Additions	165
Balance at December 31, 2010	**226**
Additions	1,227
Balance at June 30, 2011	**1,453**

During the six month period ended June 30, 2011, $93,000 (December 31, 2010 - $94,000) of directly attributable office and administration costs related to mineral exploration and evaluation assets were capitalized.

6. PROPERTY, PLANT AND EQUIPMENT (PPE ASSETS)

Cost ($ 000s)	Mineral Properties	Oil and gas properties	Production facilities	Furniture, fixtures and other equipment	Total property, plant and equipment
Balance at January 1, 2010	442	7,256	2,504	-	10,202
Additions	-	200	128	-	328
Disposals	-	(54)	(20)	-	(74)
Balance at December 31, 2010	**442**	**7,402**	**2,612**	**-**	**10,456**
Additions	-	12	3	65	80
Balance at June 30, 2011	**442**	**7,414**	**2,615**	**65**	**10,536**

Accumulated depletion and depreciation ($ 000s)	Mineral properties	Oil and gas properties	Production facilities	Furniture, fixtures and other equipment	Total property, plant and equipment
Balance at January 1, 2010	442	5,922	1,973	-	8,337
Depletion and depreciation	-	198	128	-	326
Disposals	-	-	-	-	-
Impairment provision	-	77	-	-	77
Balance at December 31, 2010	**442**	**6,197**	**2,101**	**-**	**8,740**
Depletion and depreciation	-	69	52	1	122
Balance at June 30, 2011	**442**	**6,266**	**2,153**	**1**	**8,862**

Net book values as at: ($ 000s)	Mineral properties	Oil and gas properties	Production facilities	Furniture, fixtures and other equipment	Total property, plant and equipment
January 1, 2010	-	1,334	531	-	1,865
December 31, 2010	-	1,205	511	-	1,716
June 30, 2011	**-**	**1,148**	**462**	**64**	**1,674**

Impairment

Management has not identified any specific cash generating unit (CGU) for the mining assets as this segment is solely mineral exploration at this time.

Management has determined there are four CGUs for the oil and gas assets of the Company, which are comprised of:

- Carstairs, Alberta, Canada
- Granta Makepeace, Alberta, Canada
- Garrington Elkton, Alberta, Canada
- Harmattan Elkton, Alberta, Canada

These CGUs are the Company's producing fields. As part of its annual impairment analysis, the Company assessed its PPE assets, production facilities, furniture and other equipment by CGU for possible impairment.

The assessment for impairment has been determined based on the value-in-use (VIU) method. VIU was determined on the basis of the discounted expected future cash flows based on the Company's plans to continue to produce total proved plus probable reserves. There has been no indication of impairment as of June 30, 2011.

7. DEFERRED TAXES

The Company has recorded a full valuation allowance for its deferred income tax assets as it has been determined that it is unlikely that they will be recovered.

($ 000s)	**June 30, 2011**	December 31, 2010
Deferred tax assets (liabilities):		
Capital assets	**975**	1,043
Investments	**(582)**	(452)
Decommissioning liabilities	**62**	80
Loss carry-forward	**151**	83
Valuation allowance	**(606)**	(754)
	-	-

The Company has the following tax pools which may be used to reduce taxable income in future years, limited to the applicable rates of utilization:

	Rate of Utilization (%)	**Amount ($ 000s)**
Undepreciated capital costs	20 – 100	1,082
Canadian oil and gas property expenditures	10	4,496
Canadian development expenditures	30	60
Canadian exploration expenditures	100	1,392
Non-capital loss carryforward [1]	100	603
		7,633

[1] Federal income tax losses carried forward expire in the following years; 2030 - $330,000 and 2031 - $273,000.

8. SHARE CAPITAL

Authorized
Unlimited number of common shares without nominal or par value
Unlimited number of first preferred shares

Issued – common shares	**Number**	**Amount ($ 000s)**
At January 1, 2010 (1)	52,039,760	21,152
Additional net investment to Comaplex		(641)
At December 31, 2010 and June 30, 2011	52,039,760	20,511

(1) Geomark issued one common share upon incorporation on April 20, 2010, and on July 6, 2010 issued 52,039,760 common shares as consideration for the net investment in Geomark Operations with an ascribed net book value of $21,152,000 as at January 1, 2010 and cancelled the original common share. For purposes of the earnings per share calculation, it was assumed that all 52,039,760 shares issued have been outstanding since January 1, 2010.

The weighted average common shares used to calculate basic and diluted net earnings (loss) and comprehensive income (loss) per share for the periods ended June 30 are as follows:

	Three Months		Six Months	
	2011	2010	**2011**	2010
Basic common shares outstanding (1)	**52,039,760**	52,039,760	**52,039,760**	52,039,760
Dilutive effect of share options (2)	**1,036,941**	-	**1,127,507**	-
Diluted common shares outstanding	**53,076,701**	52,039,760	**53,167,267**	52,039,760

(1) Basic common shares outstanding are used to calculate basic and diluted loss per share when the Company is in a loss position.

(2) The Company did not include 450,000 share options for the three months ended June 30, 2011 (June 30, 2010 – Nil) and 180,000 share options for the six months ended June 30, 2011 (June 30, 2010 – Nil) in the dilutive effect of share options calculation, as these share options were anti-dilutive.

The Company provides a stock option plan for its directors, officers, employees and consultants. Under the plan, the Company may grant options for up to 10 percent of the outstanding common shares which as of June 30, 2011 was 5,203,976. The exercise price of each option granted will not be lower than the market price of the Company's stock on the date of grant and the option's maximum term is five years. Options generally vest one-third each year for the first three years of the option term.

A summary of the status of the Company's stock option plan as of June 30, 2011 and December 31, 2010, and changes during the six month and twelve month periods ended on those dates is presented as follows:

	Number of options	**Weighted average exercise price $**
At January 1, 2010	-	-
Options issued	3,009,000	0.80
At December 31, 2010	3,009,000	0.80
Options issued	450,000	1.42
Options forfeited	(180,000)	0.80
At June 30, 2011	3,279,000	0.89

The following table summarizes information about options outstanding at June 30, 2011:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at June 30, 2011	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at June 30, 2011	Weighted-average exercise price
$ 0.80 to $ 1.00	2,817,000	2.2 years	$ 0.80	-	$ -
1.05 to 1.25	12,000	2.9 years	1.25	-	-
1.25 to 1.60	450,000	3.1 years	1.42	-	-
$ 0.80 to $ 1.60	3,279,000	2.3 years	$ 0.89	-	$ -

The estimated weighted average fair value of share options granted during the period was $263,000 or $0.58 per option (December 31, 2010 - $984,000 or $0.33 per option). No options were exercised during the period.

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following assumptions:

	June 30, 2011	December 31, 2010
Weighted-average risk free interest rate (%) (1)	**2.2**	1.8
Expected life (years)	**3.3**	3.3
Weighted-average volatility (%) (2)	**57.0**	57.0
Forfeiture rate (%)	**0.0**	0.0
Dividend yield (%)	**0.0**	0.0

(1) Risk-free interest rate is based on the weighted average Government of Canada benchmark bond yields for two, three and five year terms to match corresponding vesting periods.
(2) The expected volatility is measured as the standard deviation of expected share price returns based on statistical analysis of historical weekly share prices for a representative period.

Contributed surplus consists of $580,000 (December 31, 2010 - $254,000) of share-based payment expense on the stock options issued by Geomark after July 6, 2010. Prior to July 6, 2010, Geomark Operations expensed a further $575,000 of Comaplex stock options that vested and were exercised. This expense was recorded as a capital contribution to Geomark.

9. OIL AND GAS SALES, NET OF ROYALTIES

	Three Months		Six Months	
($ 000s)	**June 30, 2011**	June 30, 2010	**June 30, 2011**	June 30, 2010
Oil and gas sales	**434**	507	**877**	1,064
Less:				
Crown royalties (recovery)	**30**	(64)	**193**	12
Freehold royalties	**13**	13	**26**	32
Oil and gas sales, net of royalties	**391**	558	**658**	1,020

10. BUSINESS SEGMENT INFORMATION

Geomark's activities are principally mineral exploration but are represented by two industry segments comprised of mineral exploration and oil and gas production:

Three months ended		**June 30, 2011**			June 30, 2010	
($ 000s)	**Mineral exploration**	**Oil and gas**	**Total**	Mineral exploration	Oil and gas	Total
Revenue						
Oil and gas sales, net of royalties	**-**	**391**	**391**	-	558	558
Dividend income (1)	**-**	**156**	**156**	-	128	128
Interest income	**177**	**-**	**177**	73	-	73
	177	**547**	**724**	73	686	759
Expenses						
Production costs	**-**	**119**	**119**	-	161	161
Office and administration	**68**	**34**	**102**	221	45	266
Employee compensation	**176**	**-**	**176**	152	-	152
Share-based compensation	**157**	**-**	**157**	160	-	160
Depletion and depreciation	**-**	**59**	**59**	-	93	93
	401	**212**	**613**	533	299	832
Earnings (Loss) before income taxes	**(224)**	**335**	**111**	(460)	387	(73)
Deferred Taxes (recovery)	**(114)**	**84**	**(30)**	(159)	98	(61)
Net Earnings (Loss)	**(110)**	**251**	**141**	(301)	289	(12)
Capital expenditures						
Exploration and evaluation	**616**	**-**	**616**	-	-	-
Property, plant and equipment	**-**	**10**	**10**	-	-	-
	616	**10**	**626**	-	-	-

Six months ended	June 30, 2011			June 30, 2010		
($ 000s)	Mineral exploration	Oil and gas	Total	Mineral exploration	Oil and gas	Total
Revenue						
Oil and gas sales, net of royalties	-	658	658	-	1,020	1,020
Dividend income [(1)]	-	303	303	-	239	239
Interest income	352	-	352	143	-	143
	352	961	1,313	143	1,259	1,402
Expenses						
Production costs	-	222	222	-	295	295
Office and administration	194	62	256	362	82	444
Employee compensation	345	-	345	337	-	337
Share-based compensation	326	-	326	333	-	333
Depletion and depreciation	1	121	122	-	164	164
	866	405	1,271	1,032	541	1,573
Earnings (Loss) before income taxes	(514)	556	42	(889)	718	(171)
Deferred Taxes (recovery)	(211)	139	(72)	(175)	182	7
Net Earnings (Loss)	(303)	417	114	(714)	536	(178)
Capital expenditures						
Exploration and evaluation	1,227	-	1,227	-	-	-
Property, plant and equipment	65	15	80	-	157	157
	1,292	15	1,307	-	157	157

(1) Dividend income is from an investment in a related party (Bonterra see note 4). Bonterra is solely in the oil and gas industry and as such this corporate investment income has been classified as oil and gas revenue.

As at	June 30, 2011			December 31, 2010		
($ 000s)	Mineral exploration	Oil and gas	Total	Mineral exploration	Oil and gas	Total
Exploration and evaluation	1,453	-	1,453	226	-	226
Property, plant and equipment	65	1,609	1,674	-	1,716	1,716
Total Assets	41,170	13,589	54,759	40,382	12,641	53,023
Total Liabilities	354	811	1,165	250	555	805

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Factors

Geomark undertakes transactions in a range of financial instruments including:

- Cash
- Term investment

- Accounts receivable
- Loan to related party
- Investments
- Accounts payable

Geomark's activities result in exposure to a number of financial risks including market risk (commodity price risk, interest rate risk and foreign exchange risk) credit risk and liquidity risk. Financial risk is managed by senior management under the direction of the Board of Directors.

Geomark does not enter into risk management contracts to sell its oil and gas commodities. Commodities are sold at market prices at the date of sale.

Capital Risk Management

Geomark's objectives when managing capital, which Geomark defines to include equity and working capital balances, are to safeguard Geomark's ability to continue as a going concern, so that it can continue to provide returns to its shareholders and benefits for other stakeholders and to maintain a capital structure that provides a low cost of capital. Geomark has a large working capital balance to fund its future exploration activities.

Geomark believes that it is adequately capitalized to allow it to continue its future mineral and oil and gas activities.

The following section (a) of this note provides a summary of the underlying economic positions as represented by the carrying values, fair values and contractual face values of the financial assets and financial liabilities.

The following section (b) addresses in more detail the key financial risk factors that arise from Geomark's activities including its policies for managing these risks.

a) Financial assets, financial liabilities

The carrying amounts, fair value and face values of Geomark's financial assets and liabilities are shown in Table 1.

Table 1

		As at June 30, 2011			As at December 31, 2010	
($ 000s)	**Carrying Value**	**Fair Value**	**Face Value**	Carrying Value	Fair Value	Face Value
Financial assets						
Cash	**7,440**	**7,440**	**7,440**	8,110	8,110	8,110
Term investment	**12,000**	**12,000**	**12,000**	12,000	12,000	12,000
Accounts receivable	**445**	**445**	**448**	265	265	269
Loan to related party	**20,000**	**20,000**	**20,000**	20,000	20,000	20,000
Investments	**11,681**	**11,681**	**-**	10,673	10,673	-
Financial liabilities						
Accounts payable and accrued liabilities	**917**	**917**	**917**	485	485	485

Financial instruments consisting of accounts receivable, loan to related party and accounts payable and accrued liabilities are carried on the consolidated statement of financial position at amortized cost. Cash, term investment and investments are carried at fair value. All of the fair value items are transacted in active markets. Geomark classifies the fair value of these transactions according to the following hierarchy based on the amount of information available to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly available as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially verified or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on available market data.

Geomark's cash, term investment and investments have been assessed on the fair value hierarchy described above and are all considered Level 1.

b) Risks and mitigations

Market risk is the risk that the fair value or future cash flow of Geomark's financial instruments will fluctuate because of changes in market prices. Components of market risk to which Geomark is exposed are discussed below.

Commodity price risk

Geomark's principal operation is the exploration of mineral properties. Geomark also engages in the production and sale of oil and natural gas to assist with the payment of expenses and exploration programs. Fluctuations in prices of these commodities may directly impact Geomark's performance and ability to continue with its operations.

The Company's management, at the direction of the Board of Directors, currently does not use risk management contracts to set price parameters for its production.

Sensitivity Analysis

Geomark is still in the exploration stage of development of its mineral exploration properties and therefore generates nominal cash flow or earnings from these properties. In addition, Geomark's petroleum and natural gas operations provide only moderate cash flow and as such, changes of $1.00 U.S. per barrel in the price of crude oil, $0.10 per MCF in the price of natural gas and $0.01 change in the Cdn/U.S. exchange rate would have no significant impact on consolidated comprehensive income.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that Geomark uses. The principal exposure to Geomark is on its cash and its loan to related party which have a variable interest rate which gives rise to a cash flow interest rate risk.

Geomark's cash consists of Canadian and U.S. investment chequing accounts. In order to achieve a higher interest rate on a portion of its excess funds, Geomark has purchased a one year redeemable GIC thereby reducing its exposure to interest rate risk.

Sensitivity Analysis

Based on historic movements and volatilities in the interest rate markets and management's current assessment of the financial markets, Geomark believes that a one percent variation in the Canadian prime interest rate is reasonably possible over a 12-month period.

A one percent change in the Canadian prime rate would increase or decrease annual net earnings and comprehensive income by $202,000.

Foreign exchange risk

Geomark has no foreign operations and currently makes all of its product sales in Canadian currency. Geomark has an insignificant U.S. cash balance. Geomark does not mitigate Cdn $/U.S. $ exchange rate risk by using risk management contracts.

Credit risk

Credit risk is the risk that a contracting party will not complete its obligations under a financial instrument and cause Geomark to incur a financial loss. Geomark is exposed to credit risk on all financial assets included on the consolidated statement of financial position. To help mitigate this risk:

- Geomark only maintains its cash balances with low risk exposure which frequently results in receiving lower interest rates on investments.
- Equity investments are only with entities that have common management and board of directors with Geomark.

Accounts receivable balance at June 30, 2011 ($445,000) and December 31, 2010 ($265,000) primarily consist of product sales with major oil and gas marketing companies, all of which have generally paid within 30 days, federal and provincial government refunds and credits, and interest from a major Canadian Bank.

Geomark assesses its financial assets quarterly to determine if there has been any impairment. No material impairment provision was required on the mineral and oil and gas financial assets of the Company. Geomark does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.
The maximum exposure to credit risk is represented by the carrying amount on the consolidated statement of financial position. There are no material financial assets that Geomark considers past due.

Liquidity risk

Liquidity risk includes the risk that, as a result of Geomark's operational liquidity requirements:

- Geomark will not have sufficient funds to settle a transaction on the due date;
- Geomark will not have sufficient funds to continue with its exploration projects;
- Geomark will be forced to sell assets at a value which is less than what they are worth; or
- Geomark may be unable to settle or recover a financial asset at all.

To help reduce these risks, Geomark:

- Has a significant working capital base;
- Holds current investments that are readily tradable should the need arise; and
- Maintains a continuous evaluation approach as to the financing requirements for its oil and gas and mining programs.

The Company's financial liabilities as outlined in the financial statements consist of accounts payable and accrued liabilities that are due within a year.

12. TRANSITION TO IFRS

As stated in Note 2, these financial statements are prepared in accordance with IFRS. For all accounting periods prior to January 1, 2011, the Company prepared its financial statements under Canadian GAAP. An explanation of how the transition from previous GAAP to IFRS has affected the Company's statement of financial position and comprehensive income is set out in this note.

The accounting policies as disclosed in Geomark's March 31, 2011 condensed consolidated financial statements have been applied consistently for the period ended June 30, 2011 including the comparative periods ended June 30, 2010 and as at June 30, 2010 and December 31, 2010 included in these financial statements.

The following table provides a reconciliation of Canadian GAAP to IFRS for the period ended and as at June 30, 2010. Reconciliations for statement of financial position as at January 1, 2010 (the Company's transition date) and December 31, 2010 and the reconciliation of the statement of comprehensive income for the year ended December 31, 2010 are disclosed in Geomark's March 31, 2011 condensed consolidated financial statements.

12.1 Reconciliation of the consolidated statement of financial position

		As at June 30, 2010		
($ 000s)	Notes	Canadian GAAP	IFRS Adjustments	**IFRS**
Assets				
Current				
Cash		14,612	-	**14,612**
Accounts receivable		406	-	**406**
Prepaid expenses		119	-	**119**
Loan to related party		12,000	-	**12,000**
Total current assets		27,137	-	**27,137**
Investments		7,229	-	**7,229**
Property, plant and equipment	(a)	1,792	6	**1,798**
		36,158	6	**36,164**
Liabilities				
Current				
Accounts payable and accrued liabilities		524	-	**524**
Decommissioning liabilities	(a)	178	18	**196**
Deferred tax liability	(a)	27	(3)	**24**
		729	15	**744**
Shareholders' Equity				
Share capital		19,974	-	**19,974**
Retained earnings	(b)	10,920	(9)	**10,911**
Accumulated other comprehensive income		4,535	-	**4,535**
Total Shareholders' Equity		35,429	(9)	**35,420**
		36,158	6	**36,164**

12.1 Reconciliation of the consolidated statement of financial position (continued)

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with regard to recognition, measurement and disclosure. Adoption of IFRS resulted in changes to Geomark's consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows as set out below:

a) Decommissioning liabilities

The discounted value of the decommissioning liabilities has increased due to a change in the discount rate used to calculate the present value of future oil and gas well reclamation and abandonments. Under Canadian GAAP, a risk adjusted discount rate was used. Under IFRS, a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation has been used. In accordance with IFRS 1, the Company has elected to recognize the $18,000 increase in the decommissioning obligation along with an increase to related property, plant and equipment (PPE) assets, a decrease in deferred tax liability and a decrease in retained earnings (see (b) below) at the transition date.

b) Retained earnings

The following table represents the cumulative effect on the above transitional adjustments on retained earnings for the period covered under this reconciliation (see (a) above):

($ 000s)	June 30, 2010
PPE adjustment	6
Decommissioning liabilities	(18)
Deferred tax liability	3
Net effect – decrease in retained earnings	(9)

12.2 Reconciliation of the consolidated statement of comprehensive income (loss)

($ 000s)	Notes	Three months ended June 30, 2010 Canadian GAAP	IFRS Adjustments	**IFRS**	Six months ended June 30, 2010 Canadian GAAP	IFRS Adjustments	**IFRS**
Revenues							
Oil and gas sales, net of royalties	(a)	548	10	**558**	1,005	15	**1,020**
Dividend income		128	-	**128**	239	-	**239**
Interest and other income		73	-	**73**	143	-	**143**
		749	10	**759**	1,387	15	**1,402**
Expenses							
Production costs	(a)	151	10	**161**	280	15	**295**
Office and administration	(d)	418	(152)	**266**	779	(335)	**444**
Employee compensation	(d)	-	152	**152**	-	337	**337**
Share-based compensation		160	-	**160**	333	-	**333**
Depletion and depreciation	(b) (c)	93	-	**93**	166	(2)	**164**
		822	10	**832**	1,558	15	**1,573**
Earnings (loss) before income taxes		(73)	-	**(73)**	(171)	-	**(171)**
Income taxes (recovery)							
Deferred		(61)	-	**(61)**	7	-	**7**
Net earnings (loss)		(12)	-	**(12)**	(178)	-	**(178)**
Other comprehensive income (loss)							
Unrealized gain (loss) on investments		(447)	-	**(447)**	46	-	**46**
Deferred taxes on unrealized loss (gain) on investments		54	-	**54**	(6)	-	**(6)**
		(393)	-	**(393)**	40	-	**40**
Total comprehensive income (loss) for the period		(405)	-	**(405)**	(138)	-	**(138)**
Net earnings (loss) per share – Basic and Diluted		(0.00)	-	**(0.00)**	(0.00)	-	**(0.00)**
Comprehensive income (loss) per share – Basic and Diluted		(0.01)	-	**(0.01)**	(0.00)	-	**(0.00)**

12.2 Reconciliation of the consolidated statement of comprehensive income (continued)

The nature of the adjustments is explained as follows:

a) Net profit interest royalty

Under IFRS, the Company disclosed the net profit interest royalty as a production cost. Under Canadian GAAP this type of royalty was disclosed as royalty expense that was netted off of oil and gas sales

b) Office and administration

Under IFRS, the Company disclosed the unwinding of the discounted value of decommissioning liabilities under office and administration expense. Under Canadian GAAP the unwinding of the discounted value of decommissioning liabilities was disclosed with depletion and depreciation. The reclassification increased office and administration costs by $2,000 for the six month period ended June 30, 2010 and $Nil for the three month period ended June 30, 2010.

c) Depletion and depreciation

Refer to above 12.1 (a).

d) Employee compensation

Under IFRS, the Company's expenses related to employee compensation are disclosed separately on the face of the consolidated statement of comprehensive income. Under Canadian GAAP, this expense was disclosed under office and administration expenses.

12.3 Reconciliation of the consolidated statement of cash flow

		Three months ended June 30, 2010			Six months ended June 30, 2010		
($ 000s)	Notes	Canadian GAAP	IFRS Adjustments	**IFRS**	Canadian GAAP	IFRS Adjustments	**IFRS**
Operating Activities							
Net earnings (loss) before income taxes		(73)	-	**(73)**	(171)	-	**(171)**
Items not affecting cash							
Share-based compensation		160	-	**160**	333	-	**333**
Depletion and depreciation		93	-	**93**	166	(2)	**164**
Unwinding of the discounted value of decommissioning liabilities		-	2	**2**	-	4	**4**
Dividend income	(a)	-	(128)	**(128)**	-	(239)	**(239)**
Interest income	(a)	-	(73)	**(73)**	-	(143)	**(143)**
Change in non-cash working capital							
Accounts receivable		(140)	-	**(140)**	(47)	-	**(47)**
Prepaid expenses		91	-	**91**	127	-	**127**
Accounts payable and accrued liabilities		(167)	1	**(166)**	(239)	1	**(238)**
Decommissioning liabilities settled		(5)	-	**(5)**	(6)	-	**(6)**
Cash provided by (used in) operating activities		(41)	(198)	**(239)**	163	(379)	**(216)**
Financing Activities							
Net investment by Comaplex Minerals Corp.		(4,135)	-	**(4,135)**	(1,505)	-	**(1,505)**
Cash provided by (used in) financing activities		(4,135)	-	**(4,135)**	(1,505)	-	**(1,505)**
Investing Activities							
Dividend income	(a)	-	128	**128**	-	239	**239**
Interest income	(a)	-	70	**70**	-	140	**140**
Property, plant and equipment expenditures		-	-	**-**	(157)		**(157)**
Proceeds on property, plant and equipment		60	-	**60**	60	-	**60**
Cash provided by (used in) investing activities		60	198	**258**	(97)	379	**282**
Net Cash Outflow		(4,116)	-	**(4,116)**	(1,439)	-	**(1,439)**
Cash, beginning of period		18,728	-	**18,728**	16,051	-	**16,051**
Cash, end of period		14,612	-	**14,612**	14,612	-	**14,612**

12.3 Reconciliation of the consolidated statement of cash flow (continued)

The nature of the adjustments is explained as follows:

a) Dividend and interest income

Under IFRS, the Company's dividend and interest income are disclosed under investing activities on the face of the consolidated statement of cash flow. Under Canadian GAAP dividend and interest income was disclosed under operating activities.

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