

# Claude Resources Inc.

*Discovering. Developing. Delivering.*

## MANAGEMENT'S DISCUSSION AND ANALYSIS & CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011



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TRADING SYMBOLS:

TSX – CRJ  
NYSE Amex - CGR

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis of the consolidated operating and financial performance of Claude Resources Inc. ("Claude" or the "Company") for the three months ended March 31, 2011 compared with the corresponding period of 2010 is prepared as of June 3, 2011. This discussion is prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's 2010 annual Management's Discussion and Analysis and 2010 audited consolidated financial statements and notes thereto which were prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The Board of Directors has approved the disclosure presented herein. All amounts referred to in this discussion are expressed in Canadian dollars, except where otherwise indicated.

### NOTE TO INVESTORS

For ease of reference, the following factors for converting metric measurements into imperial equivalents are provided:

To Convert from Metric	To Imperial	Multiply Metric Units by
Metres	Feet (ft.)	3.281
Kilometres (km)	Miles	0.621
Tonnes	Tons (2,000 pounds)	1.102
Grams	Troy Ounces	0.032
Hectares	Acres	2.471

### OVERVIEW

Claude Resources Inc., incorporated pursuant to the Canada Business Corporations Act, is a gold producer with shares listed on both the Toronto Stock Exchange (TSX-CRJ) and the NYSE Amex (NYSE Amex-CGR). The Company is also engaged in the exploration and development of gold mineral reserves and mineral resources. The Company's entire asset base is located in Canada. Its main revenue generating asset is the 100 percent owned Seabee Gold Operation, located in northern Saskatchewan. Claude also owns 100 percent of the 10,000 acre Madsen Property located in the Red Lake gold camp of northwestern Ontario and has a 65 percent working interest in the Amisk Gold Project in northeastern Saskatchewan.

### MISSION AND VISION

The Company's mission is to create and deliver significant stakeholder value through the exploration, development and mining of gold and other precious metals. Its vision is to be valued by all stakeholders for its ability to discover, develop and produce gold and other precious metals in a disciplined, safe, environmentally responsible and profitable manner.

### GOALS AND KEY PERFORMANCE DRIVERS – MEASURING THE COMPANY'S RESULTS

The Company's goals and key performance drivers include:

- Increasing its resource base through aggressive exploration programs;
- Improving operating margins at the Seabee Gold Operation;
- Strengthening the Balance Sheet and maintaining liquidity in order to reduce financial risk;
- Consider strategically attractive opportunities and accretive transactions; and
- Ensuring that the Company's share price reflects underlying value.

## ***Increasing Claude's Resource Base Through Aggressive Exploration Programs***

During the first quarter of 2011, the Company continued with its objective of increasing its resource base through aggressive exploration programs at its Madsen Property, Amisk Gold Project and Seabee Gold Operation.

### Madsen Property

At the Madsen Property, Claude's objective is to fully assess the potential for high grade gold mineralization while continuing to de-water the Madsen shaft to provide additional underground exploration access. Phase I underground drilling of the 8 Zone program, from the 10<sup>th</sup> level, confirmed high grade mineralization 450 feet <sup>(1)</sup> down plunge of the historic stopes within the 8 Zone as well as confirmed the development of a sub-parallel footwall target. During 2009, Phase I underground drilling demonstrated that the 8 Zone is a series of high-grade, quartz-vein systems and silicification associated with a complexly-folded package of mafic and ultramafic lithologies. The system remains open in all directions and shows strong similarities to high grade mineralization characteristic of the Red Lake Belt. Phase II of the underground 8 Zone drill program, shaft dewatering and shaft remediation continue to be a top priority for Management.

<sup>(1)</sup> Historically, Madsen results have been reported in ounces per ton and feet (imperial).

Phase II underground 8 Zone drilling from the 16<sup>th</sup> level commenced early in the second quarter of 2011 and is anticipated to continue through to the end of 2011. Phase II drilling plans to include 19,500 metres (64,000 feet) in 25 to 30 holes; initial underground drill targets include the plunge and strike extensions of the 8 Zone as well as conceptual targets associated with the 8 Zone Trend. To further support exploration efforts on the Phase II drill program, construction of a second diamond drill chamber began during the second quarter of 2011. Success from the Phase II drill program has the potential to significantly grow the Company's existing resource base at the fully-permitted and infrastructure-rich Madsen property.

De-watering was ongoing throughout the first quarter of 2011 with water levels approximately 80 feet below the 16<sup>th</sup> level.

### Amisk Gold Project

The Amisk Gold Property is located 20 kilometres southwest of Flin Flon, Manitoba and hosts the Amisk Gold Deposit, the past-producing Monarch Mine as well as a large number of gold occurrences and prospects. At 15,700 hectares, this gold and silver exploration property is one of the largest land positions in the Flin Flon mineral district. The property consists of 91 mineral dispositions in the Amisk Lake area. Claude is the operator of the Amisk Gold Project, a 65:35 Joint Venture with St. Eugene Mining Corporation on 15,400 of the hectares within the Amisk Gold Property.

In the fourth quarter of 2010, the Joint Venture engaged SRK Consulting (Canada) Inc. ("SRK") to prepare an independent mineral resource evaluation and Technical Report for the Amisk Gold Project. The independent mineral resource statement was released in the first quarter of 2011 and outlined an Indicated Resource of 921,000 ounces of 0.95 grams of gold equivalent ("Au Eq") per tonne and an Inferred Resource of 645,000 ounces at 0.70 grams of Au Eq per tonne. This geological model and open pit resource estimate was generated through the successful integration of the Company's 2010 exploration program with historic drilling and was the culmination of an aggressive 12 month exploration program and a major milestone for the Amisk Gold Project and Claude Resources.

In 2011, a total of eight step-out and infill drill holes were completed and assayed. The program tested from surface in excess of 600 metres depth and was designed to expand the limits of the Amisk Gold Deposit as well as infill within the northern portion of the deposit. Drilling successfully expanded the system along strike 400 metres to the southwest and 150 metres to the north of and below the conceptual open pit.

Moving forward at Amisk, the Company will focus on expansion of the open pit resource, preliminary

metallurgical, engineering and economic studies, as well as an evaluation of the underground potential.

### Seabee Gold Operation

At the Seabee Gold Operation, the Company has focused its gold exploration efforts on drilling at Seabee Deep and on continued development of satellite ore bodies. This includes the Santoy 8 Project which achieved commercial production during the first quarter of 2011 and is providing supplemental feedstock for the Seabee Gold Operation's central Milling Facility.

### 2011 Exploration Program

As a follow-up to the Company's 2010 Exploration Programs, Claude has outlined between \$10.0 and \$12.0 million to support the continuation of its extensive exploration programs at the Seabee, Madsen and Amisk Properties during 2011. Continued success from these programs should serve to: further extend the mine life at Seabee; potentially improve the project economics at the Company's Madsen and Amisk Projects; and further increase the Company's total resource base.

### ***Improving Operating Margins at the Seabee Gold Operation***

For the three months ended March 31, 2011, cash flow from operations <sup>(1)</sup> before net changes in non-cash working capital improved 290 percent to \$3.9 million, or 0.03 per common share, from \$1.0 million, or 0.01 per common share, in the first quarter of 2010. Despite slightly higher operating costs due to increased spending on labour, cash cost per ounce <sup>(1)</sup> of gold fell two percent to CDN \$924 (U.S. \$938) per ounce during the first quarter from CDN \$946 (U.S. \$909) in the first quarter of 2010.

<sup>(1)</sup> For an explanation of non-IFRS performance measures refer to "Non-IFRS Performance Measures".

During 2011, the Company will continue to focus on the profitability of the Seabee Gold Operation through a combination of improved grade control, cost controls and developing the production profile at lower cost satellite ore bodies, including Santoy 8.

The Company's Santoy 8 Gold Project, accessible from the Seabee Gold Operation's central Milling Facility via a 14 kilometre all weather road, achieved commercial production during the first quarter of 2011. This accomplishment is a major milestone for the Company and represents a real opportunity for the Seabee Gold Operation to grow its production profile. Over the life of mine plan for the Seabee Gold Operation, the Company anticipates the Santoy 8 Project to provide up to 50 percent of the overall feedstock to the Seabee Gold Operation's central Milling Facility and anticipates this contribution to be a positive catalyst in improving production and lowering unit operating costs at the Seabee Gold Operation.

### ***Financial Capacity and Highlights***

During 2011, the Company will continue to focus on further improving its balance sheet. During the first half of each year, the Company's cash outflow is significant because of the Seabee Gold Operation's annual winter ice road resupply which includes restocking diesel, propane and other large consumables as well as the continued upgrading of the mining fleet and mine infrastructure. At March 31, 2011, the Company had total Cash and cash equivalents of \$2.4 million; the Company's line of credit of \$3.5 million was unused at period-end.

During the first quarter of 2011, Claude reported a record average gold price realized per ounce sold and continued to benefit from strong cash margins.

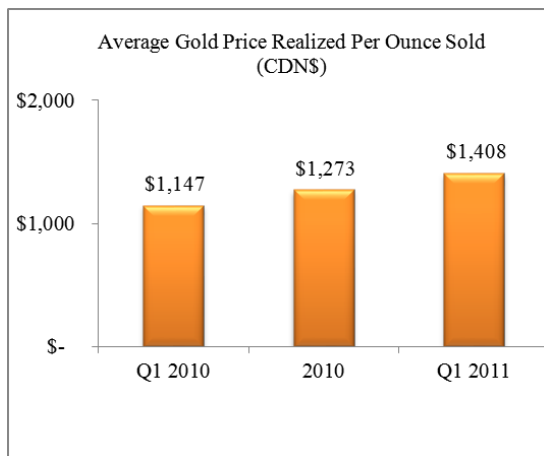


Figure 1: Average Gold Price Realized (CDN\$) Per Ounce Sold <sup>(1)</sup>

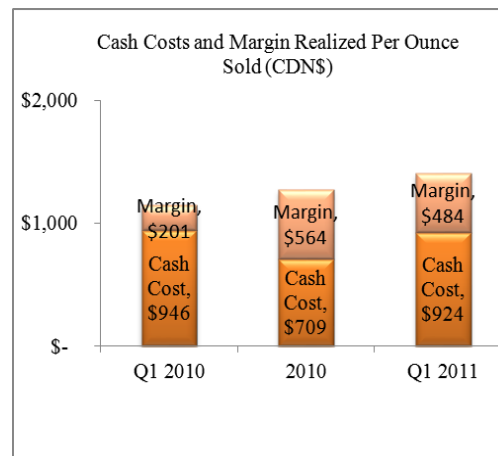


Figure 2: Cash Cost and Margin Realized (CDN\$) Per Ounce Sold <sup>(1)</sup>

<sup>(1)</sup> For an explanation of non-IFRS performance measures refer to “Non-IFRS Performance Measures”.

During the third quarter of 2010, Claude completed the sale of its Nipisi Property and the related petroleum and natural gas interests for gross proceeds of \$6.2 million. Concurrent with the completion of the sale of this non-core asset, the Company announced an offer to repay its 12 percent senior secured debentures; this offer to repay expired on January 14, 2011. On this date, \$0.1 million of debentures were redeemed and the Restricted cash set aside, pursuant to the Company’s offer to repay, was made available for exploration and for general corporate purposes.

On May 4, 2011, the Company completed the “bought-deal” equity financing previously announced on April 6, 2011. The offering consisted of the issuance of 20,000,000 common shares of the Company at a price of \$2.50 per common share; in addition, the underwriters of the offering exercised their overallotment option for an additional 3,000,000 common shares at a price of \$2.50 per common share. The aggregate gross proceeds raised under the offering was \$57.5 million.

### ***Strategically Attractive and Accretive Transactions***

During the first quarter of 2010, the Company completed a reorganization of its working interest in the Amisk Gold Project. After acquiring the balance of the interests held by Cameco and Husky Oil, the Company finalized the sale of a 35 percent interest in the property to St. Eugene Mining Corporation Ltd. The acquisition of the 65 percent interest in the Amisk Gold Project is consistent with Claude’s strategy to focus on the exploration and development of gold assets in mining friendly jurisdictions.

Looking forward into 2011 and beyond, Management remains focused on executing accretive transactions that are consistent with Management’s strategic plan and focus for the Company.

### ***Shareholder Value***

At March 31, 2011, shares of Claude closed at \$2.40 (March 31, 2010 - \$1.07), an increase of 124 percent period over period; on the NYSE Amex, Claude’s shares closed at U.S. \$2.45 on March 31, 2011 (March 31, 2010 – U.S. \$1.05). Despite the significant improvement in share price, Management remains focused on ensuring that the underlying value of the Company’s assets is appropriately reflected in its share price.

Further to the equity financing discussed previously, the Company intends to build shareholder value by using proceeds from this offering to:

- advance the Company's exploration programs at its Madsen, Seabee and Amisk properties;
- continue dewatering and rehabilitation programs at the Company's Madsen Project; and

- invest in capital infrastructure development programs at the Seabee Gold Operation including an extension of Seabee Mine shaft, a mill expansion and additional production equipment.

With the continued support of an improving gold price, a significantly expanded resource base at Madsen and Amisk and the achievement of commercial production at Santoy 8, Claude is well positioned to further execute its strategy of discovering, developing and producing gold in established politically safe Canadian mining and exploration districts.

## EXPLORATION RESULTS

Claude continued its aggressive exploration and development strategy during the first quarter of 2011. Exploration at the Seabee Gold Operation focused on attaining commercial production at the Santoy 8 Project and on drill testing of the Neptune and Trident targets. At the Amisk Gold Project, exploration continued with the March 31, 2011 release of a National Instrument 43-101 open-pit resource estimate, drilling in excess of 3,200 metres in eight holes and advancement of metallurgical and engineering test work.

Exploration at Madsen advanced shaft dewatering and rehabilitation towards a planned Phase II underground drill program which began in the second quarter of 2011.

All exploration activities were carried out under the direction of Qualified Persons, Brian Skanderbeg, P. Geo., Vice President Exploration and Philip Ng, P. Eng., Senior Vice President Mining Operations.

### *Madsen Project*

The Madsen Project comprises over 10,000 acres (4,000 hectares) and, having produced in excess of 2.4 million ounces, is the third largest gold producer in the Red Lake camp in Ontario, Canada. Infrastructure includes a fully functional 500 ton per day mill, 4,125 foot deep shaft and permitted tailings facility.

During the first quarter of 2011, exploration focused on rehabilitation of the 16th level and excavation of drill platforms associated with Phase II underground drilling.

Initiated from the 10<sup>th</sup> level in December of 2008, the Phase I underground program included testing of the plunge extension of the 8 Zone as well as conceptual targets along the 8 Zone shear system. Results from Phase I deep drilling of the 8 Zone Trend demonstrated down plunge continuity to 450 feet below the 27<sup>th</sup> level with multiple holes returning strong visible gold associated with intensely silicified, biotite-altered basalt. See Table 1 for highlights of Phase I of the 8 Zone drill program. Step-out drilling to the east and west confirmed the development of favorable 8 Zone structure and stratigraphy. The system remains open down plunge and along strike to the east and west. Phase II of the underground 8 Zone drill program initiated early in the second quarter of 2011 (see April 12, 2011 Media release "*Claude Resources Ramps up 8 Zone Drilling at Madsen*"). Phase II drilling includes 19,500 metres (64,000 feet) in 25 to 30 holes and is anticipated to continue through to the end of 2011.

**Table 1: Highlights from Phase I of the 8 Zone drill program at the Madsen Mine, Ontario.**

Hole ID	From (m)	To (m)	Au (g/t)	Length (m)	Au (oz/ton)	Length (ft)	Visible Gold Noted
MUG-08-01	883.00	883.75	127.12	0.75	3.71	2.46	✓
MUG-09-02b	891.25	891.70	21.52	0.45	0.63	1.48	✓
MUG-09-03	915.40	917.89	33.39	2.49	0.97	8.17	✓
(incl)			58.18	1.25	1.70	4.10	✓
MUG-09-04	909.55	917.45	25.77	7.90	0.75	25.92	✓
(incl)			141.80	0.95	4.14	3.12	✓
MUG-09-05	943.51	946.90	24.30	3.39	0.71	11.45	✓
(incl)			62.09	1.22	1.81	4.00	✓

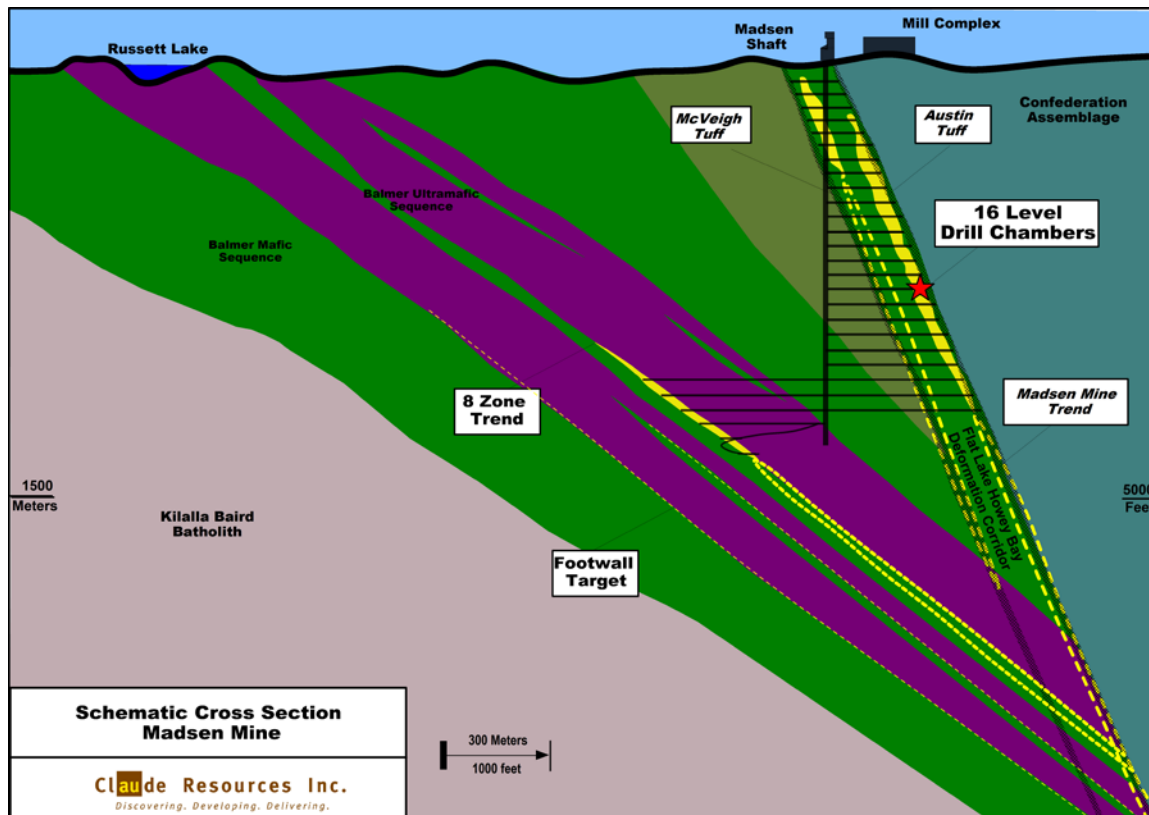


Figure 3: Madsen Mine Cross Section

During 2010, SRK finalized an independent National Instrument 43-101 mineral resource evaluation for the Madsen Mine. This mineral resource evaluation was based on historical exploration and mining data, Phase I underground drilling as at September 27, 2009 and geological and resource modeling. The resource evaluation was undertaken on the four separate zones, Austin, South Austin, McVeigh and 8 Zone that comprise the Madsen Gold Mine. The National Instrument 43-101 Technical Report was filed on January 20, 2010.

Table 2: Consolidated Mineral Resource Statement <sup>(1)</sup> for the Madsen Mine, Ontario.

Resource Class	Zone	Tonnes	Grade (g/tonne)	Grade (oz/ton)	Contained Gold (oz)
<b>Indicated</b>	Austin	1,677,000	7.92	0.23	427,000
	South Austin	850,000	9.32	0.27	254,000
	McVeigh	374,000	9.59	0.28	115,000
	Zone 8	335,000	12.21	0.36	132,000
	<b>Total</b>	<b>3,236,000</b>	<b>8.93</b>	<b>0.26</b>	<b>928,000</b>
<b>Inferred</b>	Austin	108,000	6.30	0.18	22,000
	South Austin	259,000	8.45	0.25	70,000
	McVeigh	104,000	6.11	0.18	20,000
	Zone 8	317,000	18.14	0.53	185,000
	<b>Total</b>	<b>788,000</b>	<b>11.74</b>	<b>0.34</b>	<b>297,000</b>

- (1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at a cut-off grade of 5.0 g/t gold based on U.S. \$1,000 per troy ounce of gold and gold metallurgical recoveries of 94 percent.

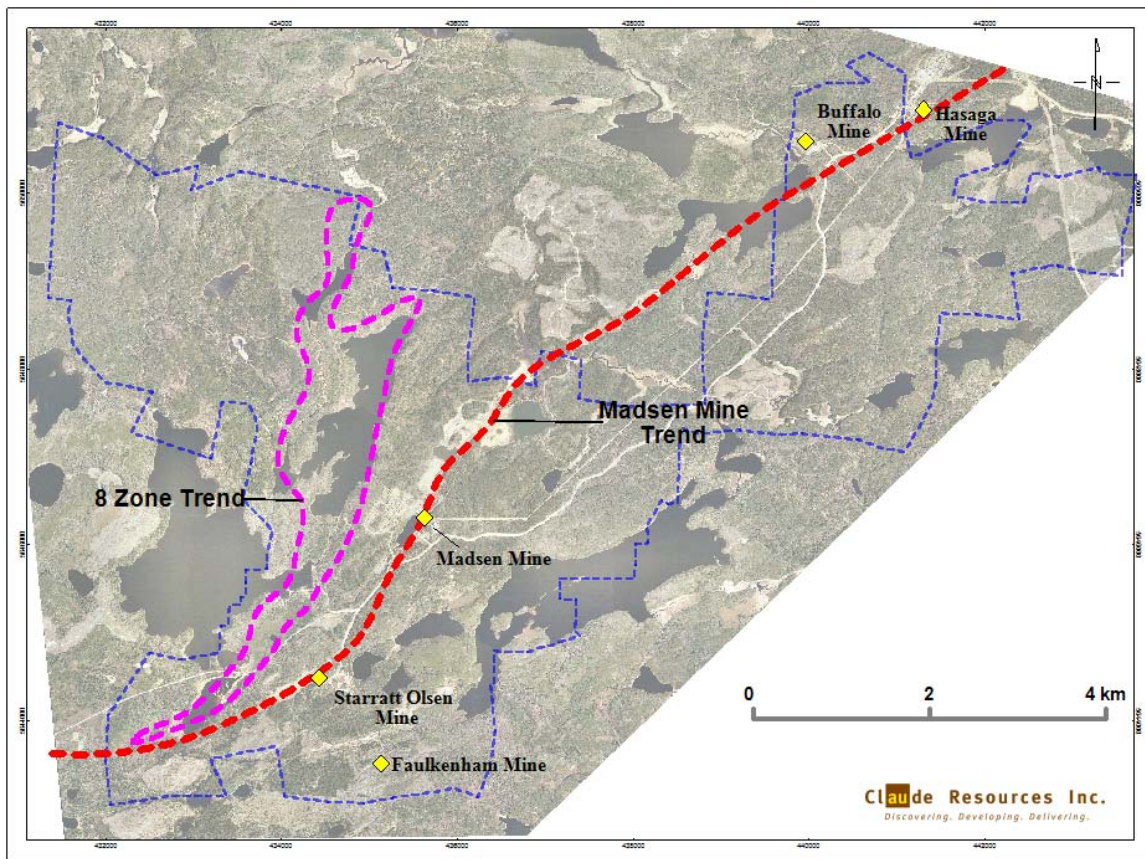


Figure 4: Madsen Property Overview

The Company's Madsen shaft de-watering and rehabilitation program remains a top priority for Management. In the first quarter of 2011, rehabilitation of the 16<sup>th</sup> level was on-going and the first drill chamber associated with Phase II drilling was completed. The 8 Zone Trend hosts the past-producing 8 Zone and is highly prospective for future high grade discoveries. The 16<sup>th</sup> level provides the ideal drill platform to explore both at depth as well as the strike potential of this 8 Zone Trend.

### ***Seabee Gold Operation***

The Seabee Gold Operation includes 14,400 hectares and is comprised of four mineral leases and extensive surface infrastructure. During the first quarter of 2011, exploration efforts focused on attainment of commercial production at the Santoy 8 Project and drill testing of the Neptune and Trident drill targets.

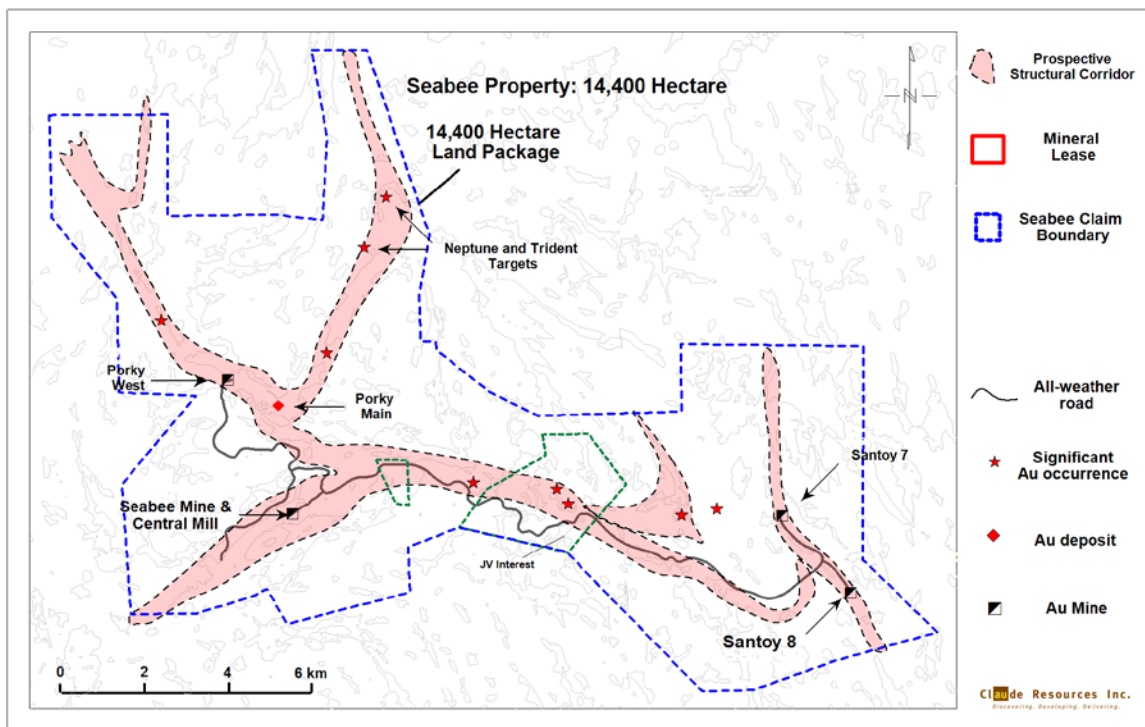


Figure 5: Seabee Property showing significant gold deposits and occurrences.

Exploration during the first quarter of 2011 in the Seabee region continued with a drill program targeting the Neptune and Trident targets as well as infill and extension drilling in proximity to the Santoy 8 deposit.

### **Santoy 8**

The Santoy 8 Project is located approximately 14 kilometres east of the Seabee Gold Operation's central Milling Facility and is accessed via an all-weather road. Gold mineralization is hosted in siliceous, skarnified, shear structures with sulfide-chlorite-quartz veins and in silicified granitoid sills. The mineralized lenses dip moderately to steeply eastward and are interpreted to be amenable to bulk mining techniques. Gold mineralization of the Santoy 8 ore lens occurs over a strike length of 600 metres, a depth of 350 metres and remains open along strike and down plunge to the north. The Santoy 8E ore lens has been intercepted over a strike length of 200 metres, depth of 250 metres and remains open along strike and down plunge to the north. True thickness of the Santoy 8 deposits varies from 1.5 metres to 15 metres.

During the first quarter of 2011, Claude reached commercial production at the Santoy 8 Project. As at December 31, 2010, the mineral reserves at Santoy 8 were 1,079,922 tonnes at 4.66 grams of gold per tonne (161,891 ounces), and inferred mineral resources were 384,837 tonnes at 5.35 grams of gold per tonne (66,200 ounces).

The Santoy 8 program was designed to test the Santoy shear system between the Santoy 7 and 8 Deposits as well as the down plunge continuity of the Santoy 8 and 8E deposits. Results from the program successfully outlined continuity at depth for both the Santoy 8 and 8E deposits and provided encouraging results of up to 17.33 grams of gold per tonne over 4.0 metres from the Santoy Gap. Further drill testing of the Santoy Gap is planned for 2011.

### **Neptune and Trident**

The Neptune and Trident targets are approximately six kilometres north of the Seabee Minesite. Exploration in this area focused on the Pigeon Lake region and utilized geological, geochemical and geophysical surveys and historical drill data. Based on these results, the Company outlined a high priority

target, Neptune. In 2010, two drill holes (NEP-10-001, NEP-10-002) targeted the down-dip extension of the Neptune trend whose gold-in-soil anomaly extends for 1.8 kilometres. The gold-in-soil anomaly exists along three sub-parallel trends spanning a width of at least 200 metres. Peak soil values of 111 ppb were obtained from minus 80 mesh soil samples obtained over and adjacent to outcropping mineralization. Prospector channel and grab samples from outcropping quartz vein-hosted mineralization returned values of up to 18.23 grams per tonne. Results received for the two holes drilled during the 2010 drill program are presented in Table 3 below:

**Table 3: Neptune Target Drill Results**

HOLE ID	Target	FROM (m)	LENGTH (m)	Au (g/T)	Visible Gold Noted
NEP-10-01	Neptune	223.00	1.00	0.98	YES
NEP-10-02	Neptune	228.00	3.00	13.60	YES

Initial drilling in 2010 revealed high gold grades associated with sheeted quartz veins within several prospective zones of alteration and veining hosted within both arenite and basalt-derived, biotite-chlorite schist. Based on the encouraging results of this program at Neptune, exploration efforts in the first quarter of 2011 included the completion of a 13 hole, 4,100 metre winter drill program designed to test the 1.8 kilometre strike length of the soil anomaly to vertical depths of up to 250 metres. The targeted vein sets are situated proximal to the arenite-basalt contact, a regional structure that hosts gold mineralization at the Porky West and Porky Main deposits.

The 2011 winter drill program confirmed the gold-bearing structure over a strike length of 1,200 metres to depths in excess of 250 metres and intersected high-grade gold within multiple structures with assay results of up to 84.66 grams of gold per tonne across 3.20 metres. Results from the 2011 winter drill program are presented in Table 4 below:

**Table 4: Neptune Target Drill Results from 2011 Winter Drill Program**

Hole ID	Easting	Northing	Az/dip	From (m)	Grade (g/t)	Width (m)	Visible Gold
NEP-11-003	587984	6177748	130/-45	60.00	3.78	1.00	YES
				112.00	Anomalous	2.90	YES
				124.00	Anomalous	1.00	YES
NEP-11-004	587950	6177671	130/-45	108.81	4.37	0.81	
NEP-11-005	587938	6177652	130/-45	114.00	Anomalous	4.00	
NEP-11-006	587865	6177584	130/-45	90.39	Anomalous	0.61	YES
NEP-11-007	587963	6177692	130/-45	4.05	Anomalous	2.95	YES
				48.30	10.65	0.50	YES
				84.80	84.66	3.20	YES
				84.80	218.00	1.20	YES
		And		111.11	24.70	0.82	YES
NEP-11-008	588016	6177912	130/-45	159.00	8.38	1.00	YES
NEP-11-009	588113	6178080	130/-45	290.65	Anomalous	2.35	
NEP-11-010	587933	6177839	130/-45	181.00	3.01	0.89	YES
NEP-11-011	587812	6177841	130/-58	308.82	Anomalous	2.00	YES
NEP-11-012	588067	6177801	130/-45	39.94	5.82	3.06	YES
NEP-11-013	588131	6177878	130/-45		NSI		

Hole ID	Eastings	Northing	Az/dip	From (m)	Grade (g/t)	Width (m)	Visible Gold
NEP-11-014	587374	6177159	130/-45	419.91	Anomalous	1.00	YES
NEP-11-015	587722	6177373	130/-45		NSI		

Note: Intercepts calculated using a 3 g/t Au cut-off, Anomalous (0.1-3 g/t Au), NSI (no significant intercepts)

Initial drill testing of the Neptune target has returned high grade results with 10 of 15 holes hosting visible gold. To date, the Neptune target has only been tested on widely spaced centres, the limits of which are yet to be determined. These results demonstrate the potential for significant new discoveries and resource definition in the Seabee Operation.

Based on these encouraging results from Neptune and in the Santoy region, Claude has expanded the 2011 Seabee exploration program to include 26,500 metres of surface drilling. The program will focus on testing the 1.8 kilometre strike length of the Neptune target as well as the Santoy Gap and depth continuity of the Santoy 8 and 8E systems. The two rig program is anticipated to continue from early June through to late October.

### Amisk Gold Project

The Amisk Gold Project (Figure 6) is located in the Flin Flon-Snow Lake Greenstone Belt. The project is host to the Amisk Gold Deposit, the past-producing Monarch Mine as well as a large number of gold occurrences and prospects. Extensive historic exploration from 1983 through 1998, including significant surface and underground drilling and bulk sampling, was completed by Saskatchewan Mining Development Corporation, Hudson Bay Mining and Smelting, Husky Oil and Claude. The property remained largely dormant from 1998 through 2009.

Claude is the operator of a 65:35 Joint Venture with St. Eugene Mining Corporation ("St. Eugene"). During the first quarter of 2011, St. Eugene staked and made application for certain additional claims located in close proximity to the Amisk Gold Project. Under the terms of the Joint Venture Agreement, Claude was given the right to participate in new ground acquired in accordance with the terms of the Joint Venture Agreement; Claude elected to participate in 1,900 of the hectares staked by St. Eugene. The Joint Venture Agreement between Claude and St. Eugene now covers an area of 15,400 hectares.

Combined with results from a summer historic core sampling program, 2010 drilling expanded the mineralized system to a strike length of 500 metres, width of 400 metres and depth of 400 metres. On February 17, 2011, Claude completed a National Instrument 43-101 compliant resource calculation which included results of all drilling to date, inclusive of historic core. The independent mineral resource statement was released in the first quarter of 2011 and outlined an Indicated Resource of 921,000 ounces of 0.95 grams of gold equivalent ("Au Eq") per tonne and an Inferred Resource of 645,000 ounces at 0.70 grams of Au Eq per tonne.

**Table 5: Amisk Gold Project Consolidated Mineral Resource Statement\***

Resource Class	Quantity (000's tonnes)	Grade (g/tonne)			Contained Ounces (000's)		
		Au	Ag	Au Eq	Au	Ag	Au Eq
<b>Indicated</b>	<b>30,150</b>	<b>0.85</b>	<b>6.17</b>	<b>0.95</b>	<b>827</b>	<b>5,978</b>	<b>921</b>
<b>Inferred</b>	<b>28,653</b>	<b>0.64</b>	<b>4.01</b>	<b>0.70</b>	<b>589</b>	<b>3,692</b>	<b>645</b>

\* Reported at a cut-off of 0.40 grams of gold equivalent (Au Eq) per tonne using a price of U.S. \$1,100 per ounce of gold and U.S. \$16 per ounce of silver inside a conceptual pit shell optimized using metallurgical and process recovery of eight-seven percent, overall ore mining and processing costs of U.S. \$15 per tonne

and overall pit slope of fifty degrees. All figures are rounded to reflect the relative accuracy of the estimates. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

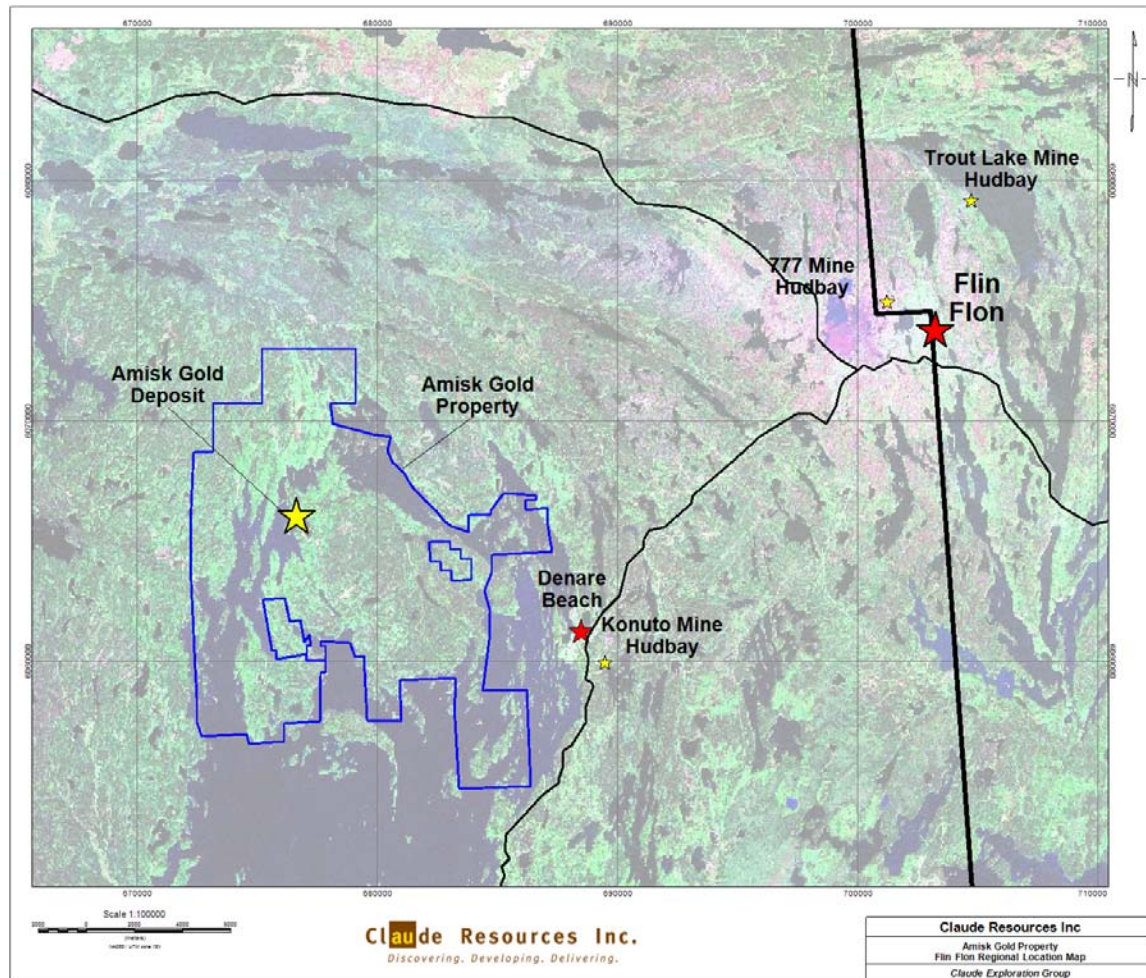


Figure 6: Amisk Gold Project

During the first quarter of 2011, an eight-hole, 3,200 metre drill program was completed on the Amisk Gold Project. This program focused specifically on testing of the limits of the mineralized footprint north of the current pit outline, targeting depth extension below the pit bottom and infill drilling to evaluate potential upgrade of categories in the resource estimate completed by SRK Consulting (Canada) Inc.

Drilling successfully expanded the system along strike 400 metres to the southwest and 150 metres to the north of and below the conceptual open pit. Intercepts include 0.92 g/t Au and 7.9 g/t Ag over 36.60 metres in hole AL-11-298 and 0.70 g/t Au and 3.5 g/t Ag over 54.12 metres in AL-11-297. Gold and silver mineralization intercepted in the drilling is associated with a sequence of quartz porphyritic, rhyolitic lapilli tuffs and flows hosting disseminations and stringers of pyrite, sphalerite, galena, tetrahedrite and chalcopyrite. Drilling has now intercepted the mineralized system over a strike length of 1,200 metres, width of 400 metres and depths of in excess of 600 metres. The system remains open to the southwest, north and at depth.

Five drill holes successfully confirmed continuity of gold mineralization within the northern portion of the deposit. Significant results include: 1.02 g/t Au and 2.6 g/t Ag over 39.08 metres in hole AL-11-292 and 0.50 g/t Au and 2.7 g/t Ag over 55.40 metres in hole AL-11-296. This latest drill program has intercepted the target stratigraphy and significant intercepts up to 400 metres southwest, to the north and at depth, below the conceptual pit outline.

Moving forward at Amisk, exploration will focus on expansion of the open pit resource, preliminary metallurgical, engineering and economic studies, as well as an evaluation of the underground potential.

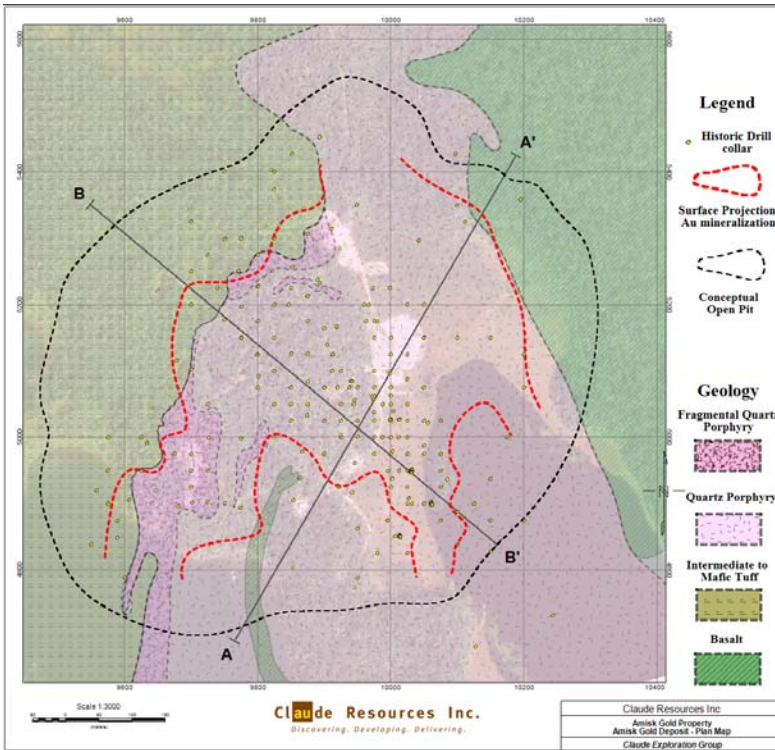


Figure 7: Surface Projection of the Amisk Gold Deposit

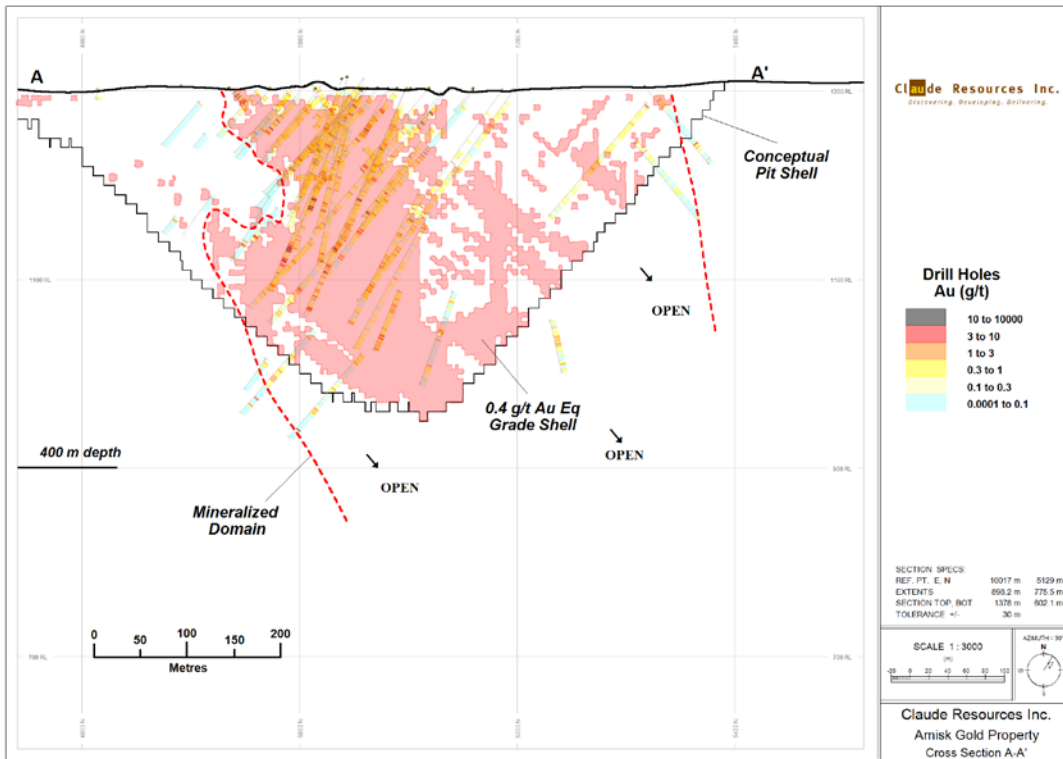


Figure 8: Cross Section A-A' of the Amisk Gold Property

## ***Quality Assurance and Quality Control Procedures***

Rigorous quality assurance and quality control procedures have been implemented including the use of blanks, standards and duplicates. Geochemical analyses were submitted to ALS Chemex in Vancouver, British Columbia and or the Seabee minesite lab. The former laboratory is ISO approved. Core samples were analyzed by a 30 gram gold fire assay with an atomic absorption and gravimetric and or screen fire finish.

## **2011 MINING OPERATIONS RESULTS**

### ***Seabee Gold Operation***

For the quarter ending March 31, 2011, mining operations at the Seabee Gold Operation included feedstock from the Seabee Mine and from the Santoy 8 Project, which achieved commercial production during the first quarter of 2011.

For the quarter ended March 31, 2011, Claude extracted and processed 50,501 tonnes of ore at its Seabee Gold Operation with a grade of 6.20 grams of gold per tonne (Q1 2010 - 38,490 tonnes at 7.79 grams of gold per tonne). Sales volume for the quarter was 9,461 ounces of gold compared to 8,890 ounces of gold in Q1 2010, an increase of six percent period over period. Produced ounces for the period increased by three percent to 9,539 ounces from 9,221 ounces in Q1 2010. Management's production guidance of 54,000 to 58,000 ounces for 2011 remains unchanged.

For the quarter ended March 31, 2011, total mine production costs increased four percent to \$8.7 million from \$8.4 million for the same period in 2010; this result was in line with Management expectations.

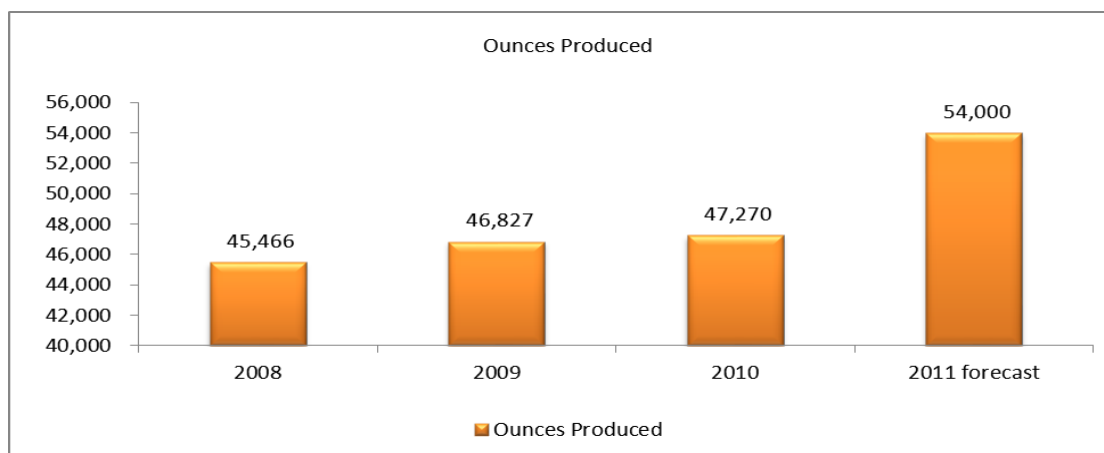
**Table 6: Seabee Gold Operation First Quarter Production and Costs Statistics**

	<b>Mar 31 2011</b>	Mar 31 2010
Tonnes Milled	<b>50,501</b>	38,490
Head Grade (grams per tonne)	<b>6.20</b>	7.79
Recovery (%)	<b>94.8%</b>	95.7%
Gold Produced (ounces)	<b>9,539</b>	9,221
Gold Sold (ounces)	<b>9,461</b>	8,890
Production Costs (CDN\$ million)	<b>\$8.7</b>	\$8.4
Cash Costs (CDN\$/oz) <sup>(1)</sup>	<b>\$924</b>	\$946
Cash Costs (US\$/oz) <sup>(1)</sup>	<b>\$938</b>	\$909

<sup>(1)</sup> For an explanation of non-IFRS performance measures refer, to "Non-IFRS Performance Measures".

Claude views the Santoy 8 Project as a key driver in the expansion of the Seabee Gold Operation and in lowering unit operating costs and increasing production over the life of mine plan. Forecast production from the Santoy 8 Mine is expected to gradually increase to 500 tonnes per day by 2013. With the Santoy 8 Project achieving commercial production in the first quarter of 2011, the Company is continuing to demonstrate its capacity to effectively grow the Seabee Gold Operation from discovery, to development and then to production. Furthermore, Claude is well positioned to execute on the expansion of its production profile and lowering unit costs over the next several years by maximizing gold output from the near surface Santoy 8 deposit as well as increasing margins at the Seabee Mine via a shaft extension project.

**Figure 9: Seabee Gold Operation Annual Production and 2011 Forecast Production**



**Seabee Mineral Reserves and Mineral Resources**

During 2010, Claude completed over 53,000 metres of underground diamond drilling at the Seabee Mine and Santoy 8 Project to replace 2010 production and to increase Mineral Reserves and Mineral Resources at the Seabee Gold Operation. Drilling evaluated down plunge extensions of ore shoots, hanging wall targets in the 153 and 162 veins, as well as targets along strike of present mineralized areas.

At December 31, 2010, proven and probable reserves in the Seabee Gold Operation were 1,967,053 tonnes, grading 5.58 grams per tonne or 352,643 ounces of gold. The Company's mineral resources at its Seabee Gold Operation included Measured and Indicated Mineral Resources of 49,626 ounces and Inferred Mineral Resources totalled 260,091 ounces.

**Table 7: Seabee Gold Operation Mineral Reserves and Mineral Resources**

<b>Claude Resources Inc. - Mineral Reserves and Mineral Resources</b>						
<b>Proven and Probable Reserves</b>						
<b>Projects</b>	<b>December 31, 2010</b>			<b>December 31, 2009</b>		
	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ozs</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ozs</b>
Seabee	887,131	6.69	190,752	772,309	6.77	168,163
Santoy 8	1,079,922	4.66	161,891	177,328	7.02	40,015
<b>Totals</b>	<b>1,967,053</b>	<b>5.58</b>	<b>352,643</b>	<b>949,637</b>	<b>6.82</b>	<b>208,178</b>
<b>Measured and Indicated Mineral Resources</b>						
<b>Projects</b>	<b>December 31, 2010</b>			<b>December 31, 2009</b>		
	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ozs</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ozs</b>
Santoy 8	-	-	-	545,625	8.98	157,529
Porky Main	160,000	7.50	38,581	160,000	7.50	38,581
Porky West	110,974	3.10	11,045	112,908	3.06	11,104
<b>Totals</b>	<b>270,974</b>	<b>5.70</b>	<b>49,626</b>	<b>818,533</b>	<b>7.87</b>	<b>207,214</b>
<b>Inferred Mineral Resources</b>						
<b>Projects</b>	<b>December 31, 2010</b>			<b>December 31, 2009</b>		
	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ozs</b>	<b>Tonnes</b>	<b>Grade (g/t)</b>	<b>Ozs</b>
Seabee	705,494	6.33	143,625	651,168	8.01	167,763
Santoy 8	384,837	5.35	66,200	391,500	8.10	101,955
Porky Main	70,000	10.43	23,473	70,000	10.43	23,473
Porky West	138,314	6.03	26,793	138,314	6.03	26,792
<b>Totals</b>	<b>1,298,645</b>	<b>6.23</b>	<b>260,091</b>	<b>1,250,982</b>	<b>7.96</b>	<b>319,983</b>

During 2011, Claude is planning in excess of 55,000 metres of underground drilling to sustain or increase Mineral Reserves and Mineral Resources at Seabee. A thorough review of the Company's historical geological database and models is ongoing and has generated new targets that can be accessed economically within the present mine infrastructure.

The Mineral Reserves and Mineral Resources estimates are conducted under the direction of Qualified Persons, Philip Ng, P.Eng., Senior Vice President Mining Operations and Brian Skanderbeg, P.Geo., Vice President Exploration.

### **Health, Safety and the Environment**

In 2011, the Company will continue its goal of "Mission Zero" in matters related to Health, Safety and the Environment by expanding Claude's Safety, Training and Environmental Departments as well as retaining external professionals to conduct regular external reviews of work practices and workplaces.

Claude is committed to reaching "Zero Injury" and "Zero Environmental Exceedence" and as such, the Company established operational objectives of reducing these incidents by 25 percent annually since 2008.

Management believes having success in these critical areas will place Claude in a position to be recognized as a leader in matters related to Health, Safety and the Environment.

### **FINANCIAL RESULTS OF OPERATIONS**

The Company reports its results of operations based on International Financial Reporting Standards ("IFRS"). All references to per-share amounts pertain to diluted net earnings per share.

#### **FINANCIAL**

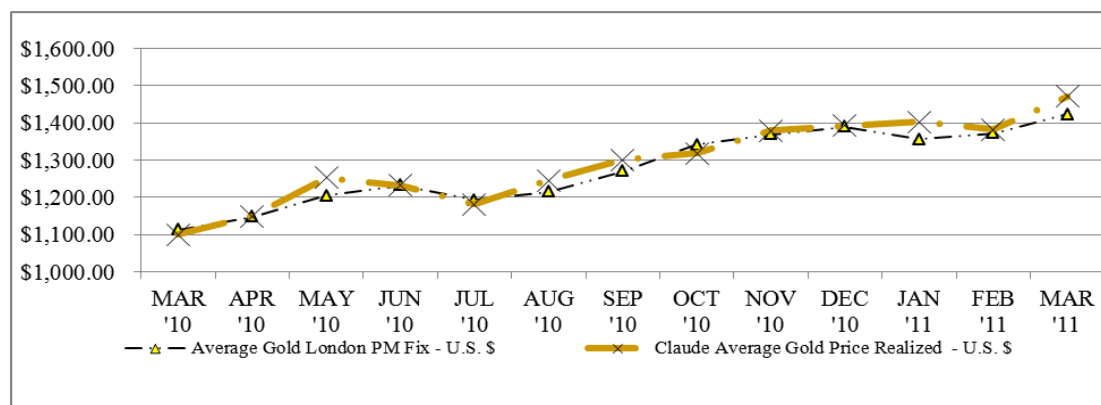
For the quarter ended March 31, 2011, the Company recorded net profit of \$1.8 million, or \$0.01 per share. This compares to a net loss of \$1.6 million for the comparable period in 2010, or \$0.01 per share.

#### **Revenue**

In the discussion below, gold revenues for the comparable figures in 2010, net of expenditures, from projects not yet in commercial production have not been included in earnings; rather, these amounts have been offset against the carrying value of the assets.

Gold revenue from the Company's Seabee Gold Operation for the quarter ended March 31, 2011 increased 30 percent to \$13.3 million from \$10.2 million reported in the first quarter of 2010. The increase in gold revenue was attributable to increased gold sales volume (Q1 2011 – 9,461 ounces; Q1 2010 – 8,890 ounces) and a 23 percent improvement in Canadian dollar gold prices realized (Q1 2011 - \$1,408 (U.S. \$1,428); Q1 2010 - \$1,147 (U.S. \$1,103)).

**Figure 10: Average Gold Price (London PM Fix – US\$)**



### ***Production Costs***

For the three months ended March 31, 2011, the Company reported mine production costs of \$8.7 million, an increase of four percent from the \$8.4 million reported in the same period of 2010. The increase was in line with Management expectations. Total Canadian dollar cash cost per ounce of gold for the first quarter decreased two percent to CDN \$924 (U.S. \$938) per ounce from CDN \$946 (U.S. \$909) in the first quarter of 2010.

**Table 8: Total Cash Costs per Gold Ounce Sold <sup>(1)</sup>**

	<b>Three months ended</b>	
	<b>Mar 31 2011</b>	<b>Mar 31 2010</b>
Production costs (CDN \$ thousands)	\$ <b>8,746</b>	\$ 8,408
Divided by ounces sold	<b>9,461</b>	8,890
Total cash costs per ounce (CDN\$)	\$ <b>924</b>	\$ 946
CDN \$ Exchange Rate	<b>0.9859</b>	1.0404
Total cash costs per ounce (US\$)	\$ <b>938</b>	\$ 909

<sup>(1)</sup> Cash cost per ounce of gold sold is a non-IFRS performance measure. For an explanation of non-IFRS performance measures, refer to "Non-IFRS Performance Measures".

### ***Depreciation and Depletion***

During the first quarter of 2011, depreciation and depletion was \$1.9 million, a 39 percent decrease from the \$3.1 million reported in the comparable period of 2010. This decrease is attributable to a decrease in broken tonnes and a slightly higher reserve base period over period.

### ***General and Administrative Expense***

For the quarter ended March 31, 2011, general and administrative expense increased to \$1.4 million, up 27 percent from the \$1.1 million reported in the comparative period of 2010. This variance was attributable to increased personnel costs.

### ***Finance Expense***

For the quarter ended March 31, 2011, Finance expense of \$0.2 million was relatively unchanged period over period.

### ***Other Income***

For the quarter ended March 31, 2011, other income of \$0.7 million was relatively unchanged period over period.

### ***Liquidity and Financial Resources***

The Company monitors its spending plans, repayment obligations and cash resources on a continuous basis with the objective of ensuring that there is sufficient capital within the Company to meet business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's typical cash requirement over the first and second quarters of each year is significant because of the Seabee Gold Operation's winter ice road resupply, which includes restocking diesel, propane and other large consumables as well as the continued upgrading of the mining fleet and mine infrastructure.

The Company's cash position at March 31, 2011 was \$2.4 million (December 31, 2010 - \$10.8 million, including \$4.4 million of Restricted cash). In addition, the Company has access to an unused line of credit in the amount of \$3.5 million. On May 4, 2011, the Company completed the offering announced on April 6, 2011. The offering consisted of the issuance of 20,000,000 common shares of the Company, on a bought deal basis, at a price of \$2.50 per share; in addition, the underwriters of the offering exercised their overallotment option in respect of an additional 3,000,000 common shares at a price of \$2.50 per common share. The aggregate gross proceeds raised under the offering was \$57.5 million. Claude plans to use the net proceeds of the offering for the exploration and development of the Company's projects and for general corporate purposes.

At March 31, 2011, the Company had working capital of \$4.1 million (December 31, 2010 - \$12.9 million). Included in working capital at March 31, 2011 are demand loans of \$2.0 million (December 31, 2010 - \$2.5 million); these loans have been classified as current liabilities due to their demand feature. The decrease in working capital was attributable to: continued capital investment in the Company's Mineral properties, resulting in a decrease of Cash and cash equivalents and an increase in Inventories offset by a corresponding increase in Accounts payable. These items were partially offset by payments on Demand loans outstanding.

**Table 9: Working Capital and Current Ratios**

<i>In thousands of CDN dollars</i>	<b>Mar 31 2011</b>	Dec 31 2010	<b>Percent Increase (Decrease)</b>
Current assets	<b>28,158</b>	28,189	-
Current liabilities	<b>24,095</b>	15,324	<b>57</b>
Working capital	<b>4,063</b>	12,865	<b>(68)</b>
Current ratio	<b>1.2</b>	1.8	<b>(33)</b>

EBITDA <sup>(1)</sup> for the period ended March 31, 2011 was \$3.2 million (Q1 2010 - \$0.6 million).

<sup>(1)</sup> For an explanation of non-IFRS performance measures, refer to "Non-IFRS Performance Measures".

### ***Investing***

Mineral property expenditures during the first three months of 2011 were \$17.0 million, a \$7.2 million increase from the same period in 2010. Year to date, expenditures were comprised of Seabee Mine and Shaft development of \$6.1 million, exploration costs (focusing on the Madsen, Santoy 8, Seabee North and Amisk Gold Project exploration projects) of \$2.4 million and property, plant and equipment additions of \$8.5 million. Property, plant and equipment additions include mining equipment, camp infrastructure and tailings management facility expansion.

### ***Financing***

Financing activities during the first quarter of 2011 included the issuance of 235,614 common shares (Q1 2010 - 430,395) and 156,667 common shares (Q1 2010 - 10,000) pursuant to the Company's Employee Share Purchase Plan and the Company's Stock Option plan, respectively. An additional 1,320,000 common share purchase warrants expiring on November 16, 2012 were exercised. In addition, 85,000 of the warrants expiring on May 22, 2013 were exercised. Finally, 139,321 common share purchase warrants expiring on April 9, 2011 were exercised.

During the first three months of the year, the Company repaid \$0.5 million of its demand loans outstanding. The proceeds and repayments of capital lease obligations relate primarily to production equipment.

## Capital Structure

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets or incur debt. The Company is not subject to externally imposed capital requirements.

The Company utilizes a combination of short-term and long-term debt and equity to finance its operations and exploration.

The Capital structure of the Company is as follows:

**Table 10: Schedule of Capital Structure of the Company**

<b>Capital Structure</b> <i>In thousands of CDN dollars</i>	<b>Interest</b>	<b>Maturity</b>	<b>March 31</b> <b>2011</b>	<b>December 31</b> <b>2010</b>
Demand loan # 1	<b>Prime + 1.50%</b>	<b>Aug/2011</b>	\$ <b>417</b>	\$ 667
Demand loan # 2	<b>4.575%</b>	<b>Nov/2012</b>	<b>1,602</b>	1,832
Debenture	<b>12.00%</b>	<b>May/2013</b>	<b>9,307</b>	9,344
Total debt			\$ <b>11,326</b>	\$ 11,843
Less: cash, cash equivalents and restricted cash			<b>2,358</b>	10,790
Net debt			<b>8,968</b>	1,053
Shareholders' equity			\$ <b>107,481</b>	\$ 105,280
Total debt to capital			<b>.08</b>	.01

Short-term debt facilities include access to a \$3.5 million operating line of credit which had not been drawn on at quarter-end.

## Financial and Other Instruments

In the normal course of its operations, the Company is exposed to gold price, foreign exchange, interest rate, liquidity, equity price and counterparty risks. The overall financial risk management program focuses on preservation of capital and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The Company may use derivative financial instruments to hedge some of its exposure to fluctuations in gold prices and foreign exchange rates. The Company does not acquire, hold or issue derivatives for trading purposes. The Company's management of financial risks is aimed at ensuring that net cash flows are sufficient to meet all its financial commitments as and when they fall due and to maintain the capacity to fund its forecast project development and exploration strategies.

The value of the Company's mineral resources is related to the price of gold and the outlook for this mineral. Gold and precious metal prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and certain other factors related specifically to gold. The profitability of the Company's operations is highly correlated to the market price of gold. If the gold price declines below the cost of production at the Company's operations, for a prolonged period of time, it may not be economically feasible to continue production. As at March 31, 2011, the Company's forecast production was unhedged, allowing it to take advantage of increases in gold prices.

The Company's revenues from the production and sale of gold are denominated in U.S. dollars. However, the Company's operating expenses are primarily incurred in Canadian dollars and its liabilities are primarily denominated in Canadian dollars. The results of the Company's operations are subject to currency risks. The operating results and financial position of the Company are reported in Canadian dollars in the Company's consolidated financial statements.

At March 31, 2011, the Company did not have any gold or foreign exchange derivative contracts outstanding. At March 31, 2010, the Company had foreign exchange contracts outstanding to sell U.S. \$7.5 million at an average exchange rate of 1.0858 CDN\$/U.S.\$ with a market value gain inherent in these contracts of \$0.5 million. At March 31, 2010, the Company had forward gold contracts outstanding related to 2010 production of 3,650 ounces at an average price of U.S. \$1,100 per ounce with a market value loss inherent in these contracts of \$0.1 million.

The Company's main interest rate risk arises from interest earning cash deposits and floating rate demand loans that expose the Company to interest rate risk. No hedging programs were implemented by the Company to manage interest rate risk during the quarter.

The Company's liquidity position is managed to ensure sufficient liquid funds are available to meet its financial obligations in a timely manner. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring that the Company has the ability to access required funding.

The Company is exposed to equity securities price risk arising from investments classified on the balance sheet as available-for-sale. Investments in equity securities are approved by the Board on a case-by-case basis. All of the Company's available-for-sale equity investments are in junior resource companies listed on the TSX.

The Company is exposed to counterparty risk being the risk that a counterparty will not complete its obligations under a financial instrument resulting in a financial loss for the Company. The Company does not generally obtain collateral or other security to support financial instruments subject to credit risk; however, the Company only deals with credit worthy counterparties. Trade and other receivables mainly comprise institutions purchasing gold under normal settlement terms of two working days. Counterparty risk under derivative financial instruments is to reputable institutions. All significant cash balances are on deposit with a high-rated banking institution. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

### ***Contractual Obligations***

At March 31, 2011, there were no significant changes to the Company's contractual obligations from those reported in the Management's Discussion and Analysis for the year ended December 31, 2010.

## **STATEMENT OF FINANCIAL POSITION**

The Company's total assets were \$238.1 million at March 31, 2011, compared to \$224.5 million at December 31, 2010. The \$13.6 million net increase was comprised primarily of increases of: \$11.9 million in Inventories associated with the annual winter ice road resupply whereby the Company purchases consumable items utilized by the Seabee Gold Operation for the remainder of the year; and \$14.8 million in Mineral properties. These increases were offset by decreases of: \$8.4 million in Cash and cash equivalents (including Restricted cash that became available for working capital purposes in the first quarter of 2011), a result of payments associated with the annual winter ice road resupply; \$4.2 million in Interest receivable on restricted promissory notes, a result of the interest earning during 2010 being used to satisfy the Royalty obligation incurred during 2010; and \$1.9 million in Investments due to a reduction in fair value of certain of the Company's available-for-sale securities.

Total liabilities were \$130.6 million at March 31, 2011, up \$11.6 million from December 31, 2010. This result was attributable to increases of: \$12.3 million of Accounts payable and accrued liabilities due to the Seabee Gold Operation's annual winter ice road resupply; and \$2.4 million in Finance leases. These

increases were offset by a decrease of \$4.1 million in Interest payable on royalty obligations offset using the interest received from the restricted promissory notes.

Shareholders' equity increased by \$2.2 million to \$107.5 million at the end of the first quarter of 2011, from \$105.3 million at December 31, 2010. This is mainly attributable to an increase in Share capital of \$2.0 million due to the exercise of common share warrants and stock options, a \$1.8 million decrease to Deficit and a \$1.8 million decrease to Accumulated other comprehensive income.

Comprehensive income consists of net income, together with certain other economic gains and losses that are collectively referred to as "other comprehensive income (loss)" or "OCI" and are excluded from the income statement. During the first quarter of 2011, other comprehensive income decreased to \$1.3 million (December 31, 2010 – \$3.2 million) due to mark to market losses relating to certain of the Company's available-for-sale investments.

## SELECTED QUARTERLY FINANCIAL DATA

**Table 11: Summary financial and operating data for the Company's last eight quarters**

Unaudited	IFRS					Canadian GAAP		
	Mar 31 2011	Dec 31 2010	Sept 30 2010	Jun 30 2010	Mar 31 2010	Dec 31 2009	Sept 30 2009	Jun 30 2009
Gold sales (\$ millions)	13.3	14.9	15.7	15.2	10.2	15.2	12.7	9.1
Net profit (loss) (\$ millions)	1.8	3.4	5.6	2.2	(1.6)	(0.9)	(0.4)	(3.9)
Net profit (loss) per share <sup>(1)</sup>	0.01	0.02	0.04	0.02	(0.01)	(0.01)	(0.00)	(0.04)
Average realized gold price (CDN\$ per ounce)	1,408	1,378	1,296	1,247	1,147	1,167	1,051	1,075
Average realized gold price (US\$ per ounce)	1,428	1,361	1,247	1,213	1,103	1,105	958	921
Ounces sold <sup>(2)</sup>	9,500	10,800	12,100	12,200	8,900	13,000	12,100	8,500
Tonnes milled <sup>(3)</sup>	50,501	57,155	62,242	46,071	38,490	71,500	70,700	51,300
Ounces produced <sup>(3)</sup>	9,500	13,200	12,900	11,900	9,200	14,300	14,200	7,700
Grade processed (grams per tonne)	6.20	7.54	6.76	8.44	7.79	6.56	6.53	4.92
Cash cost per ounce <sup>(4)</sup> (CDN\$ per ounce)	924	599	640	704	946	650	614	813
Cash cost per ounce <sup>(4)</sup> (US\$ per ounce)	938	591	616	685	909	615	560	696
EBITDA <sup>(4)</sup> (\$ millions)	3.2	6.4	6.9	5.4	0.6	3.1	4.5	1.3
EBITDA <sup>(4)</sup> per share	0.02	0.05	0.05	0.04	0.01	0.03	0.04	0.01
Weighted average shares outstanding (basic)	140,361	136,081	131,245	130,925	126,414	114,897	111,465	110,087
CDN\$/US\$ Exchange	0.9859	1.0128	1.0391	1.0276	1.0404	1.0563	1.0974	1.1672

<sup>(1)</sup> Basic and diluted, calculated based on the number of shares issued and outstanding during the quarter.

<sup>(2)</sup> Statistics in 2010 exclude ounces sold from the Santoy 8 Project, which was not yet in commercial production. Statistics in 2009 exclude ounces sold from the Porky West bulk sample.

<sup>(3)</sup> Includes ounces produced and tonnes milled from the Santoy 8 Project in 2010 and from the Porky West bulk sample in 2009.

<sup>(4)</sup> For an explanation of non-IFRS performance measures, refer to "Non-IFRS Performance Measures".

The financial results for the last eight quarters reflect the following general trends: improved gold revenue, net profit (loss) and improved EBITDA, a result of improving gold prices; and increase cash cost per ounce, a result of sales volume fluctuations. Results of the first quarter of 2011, the first quarter of 2010 and second quarter of 2009 were impacted by interruptions to operations as a result of required major maintenance to the Company's mining fleet and Mill facilities.

## OUTLOOK

For 2011, the Company will continue to focus on the following:

- i) Advancement of surface and underground exploration drill programs at the Company's 100 percent owned Madsen Exploration Project with commencement of Phase II of underground drilling from the 16<sup>th</sup> level drill platform;
- ii) Further development of satellite deposits and improvement of operating margins at the Seabee Gold Operation;
- iii) Continue exploration and development at the Seabee Gold Operation to sustain or increase reserves and resources;
- iv) Investment in capital projects and equipment to increase both production and productivity at the Seabee Gold Operation; and
- v) Expand the scope of the Amisk Gold Project and evaluate the bulk mining potential of the system.

For 2011, forecasted gold production at the Seabee Gold Operation is estimated to range from 54,000 to 58,000 ounces of gold. Unit cash costs for 2011 are estimated to be similar to 2010.

Capital expenditures are expected to increase significantly with continued investment at Madsen and expected upgrades at the Seabee Gold Operation, including the extension of the Seabee Shaft. At current gold prices and forecast production, Management believes operating cash flows alone would not have been sufficient to fund the 2012 Winter Ice Road resupply requirements at the Seabee Gold Operation and the exploration programs at the Seabee, Madsen and Amisk properties. Accordingly, the Company completed an equity financing during the second quarter of 2011 for gross proceeds of \$57.5 million. Management believes that this financing, when combined with expected operating cash flows, will provide sufficient funding for the near term.

## **ACCOUNTING ESTIMATES**

Certain of the Company's accounting policies require that Management make decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. For a discussion of those estimates, please refer to the Company's Management's Discussion and Analysis for the year ended December 31, 2010, available at [www.sedar.com](http://www.sedar.com).

## **BUSINESS RISK**

Risks and uncertainties related to economic and industry factors are described in detail in the Company's Annual Information Form (available at [www.sedar.com](http://www.sedar.com)) and remain substantially unchanged.

## **KEY SENSITIVITIES**

Earnings from Claude's gold operation are sensitive to fluctuations in both commodity and currency prices. The key factors and their approximate effect on earnings, earnings per share and cash flow, based on assumptions comparable to first quarter 2011 actuals, are as follows:

### ***Gold***

For a U.S. \$10 movement in gold price per ounce, earnings and cash flow will have a corresponding movement of CDN \$0.4 million, or \$0.00 per share. For a \$0.01 movement in the US\$/CDN\$ exchange rate, earnings and cash flow will have a corresponding movement of \$0.5 million, or \$0.00 per share.

## **OUTSTANDING SHARE DATA**

The authorized share capital of the Company consists of an unlimited number of common shares and two classes of unlimited preferred shares issuable in series. At March 31, 2011, there were 140,849,931 common shares outstanding. This compares to 138,913,329 common shares outstanding at December 31, 2010.

During the first quarter of 2011, the Company issued 235,614 and 156,667 common shares pursuant to the

Company's Employee Share Purchase Plan and the Company's Stock Option plan, respectively. An additional 1,320,000 common share purchase warrants expiring on November 16, 2012 were exercised. In addition, 85,000 of the warrants expiring on May 22, 2013 were exercised. Finally, 139,321 common share purchase warrants expiring on April 9, 2011 were exercised.

Subsequent to the date of the Consolidated Statement of Financial Position, an additional 23,002,000 common shares were issued upon the completion of a private placement and upon the exercise of stock options. An additional 31,300 shares were issued upon the exercise of common share purchase warrants expiring on May 22, 2013. At June 3, 2011, there were 163,883,231 common shares of the Company issued and outstanding.

## OUTSTANDING STOCK OPTIONS AND WARRANTS

At March 31, 2011, there were 4.3 million director, officer and key employee stock options outstanding with exercise prices ranging from \$0.50 to \$2.38 per share. This compares to 3.9 million director, officer and key employee stock options outstanding at December 31, 2010 with exercise prices ranging from \$0.50 to \$2.10 per share.

**Table 12: Schedule of Outstanding Stock Options and Average Exercise Price**

	March 31, 2011		December 31, 2010	
	Number	Average Price	Number	Average Price
Beginning of period	3,916,737	\$ 1.15	3,259,028	\$ 1.08
Options granted	530,277	2.34	1,166,546	1.15
Options exercised	(156,667)	1.27	(422,414)	0.66
Options expired / forfeited	(8,000)	1.60	(86,423)	0.98
End of period	4,282,347	\$ 1.29	3,916,737	\$ 1.15

For options outstanding at March 31, 2011, the range of exercise prices, the number vested, the weighted average exercise price and the weighted average remaining contractual life are as follows:

Option Price Per Share	Number Outstanding	Number Vested	Weighted Average Exercise Price	Weighted Average Remaining Life
\$0.50 - \$0.99	1,145,250	1,131,917	\$ 0.69	4.98 years
\$1.02 - \$1.47	1,644,820	1,285,015	1.14	7.59 years
\$1.54 - \$2.38	1,492,277	1,067,055	1.79	7.47 years
	4,282,347	3,483,987	\$ 1.29	6.85 years

At June 3, 2011, a total of 5,193,070 stock options were outstanding.

There were 9.0 million common share purchase warrants outstanding as at March 31, 2011 entitling the holder to acquire one common share of the Company at prices determined at the time of issue. The range of exercise prices and dates of expiration of the warrants outstanding are as follows:

**Table 13: Schedule of Warrants Outstanding**

Price	Expiry Date	Number Outstanding at December 31, 2010	Exercised	Number Outstanding at March 31, 2011
\$ 1.60	May 22, 2013	1,809,500	85,000	1,724,500
\$ 0.83	April 9, 2011	139,321	139,321	-
\$ 0.90	November 16, 2012	2,600,000	1,320,000	1,280,000
\$ 1.75	December 30, 2011	6,000,000	-	6,000,000

Price	Expiry Date	Number Outstanding at December 31, 2010	Exercised	Number Outstanding at March 31, 2011
		10,548,821	1,544,321	<b>9,004,500</b>

At June 3, 2011, a total of 8,973,200 common share purchase warrants remain outstanding.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

### ***Conversion to International Financial Reporting Standards***

The Accounting Standards Board of Canada ("AcSB") requires that Canadian publicly accountable enterprises adopt International Financial Reporting Standards ("IFRS") effective January 1, 2011.

The Company's condensed consolidated interim financial statements for the period ending March 31, 2011 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's condensed consolidated interim financial statements for the period ending March 31, 2011 are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian GAAP.

Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

### ***Transition to International Financial Reporting Standards***

As stated in Note 2 of the condensed consolidated interim financial statements, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied as follows:

- in preparing the condensed consolidated interim financial statements for the three months ended March 31, 2011;
- the comparative information for the three months ended March 31, 2010;
- the statement of financial position as at December 31, 2010; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the three months ended March 31, 2010 and the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is reconciled in Note 17 on the Company's condensed consolidated interim financial statements as filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

## FUTURE ACCOUNTING PRONOUNCEMENTS

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2011 reporting period:

- IFRS 9, *Financial Instruments*: effective for accounting periods commencing on or after January 1, 2013. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

## NON-IFRS PERFORMANCE MEASURES

The Company utilizes non-IFRS financial measures as supplemental indicators of operating performance and financial position. These non-IFRS financial measures are used internally by the Company for comparing actual results from one period to another. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, such information is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

### *Cash Flow from Operations before Net Changes in Non-Cash Working Capital*

The Company uses Cash Flow from Operations before Net Changes in Non-Working Capital as a supplemental measure of its financial performance. The Company uses this measure to analyze the cash generated by its operations. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Investors are cautioned that the above measures may not be comparable to similarly titled measures of other companies.

**Table 14: Calculation of Cash Flow from Operations before Net Changes in Non-Working Capital**

<i>In thousands of CDN dollars</i>	<b>Mar 31 2011</b>	Mar 31 2010
<b>Cash flows from operating activities</b>		
Profit (loss) from continuing operations	\$ 1,828	\$ (1,896)
Adjustments for non-cash items:		
Depreciation and depletion	1,911	3,082
Accretion	34	28
Gain on investments	(109)	-
Stock-based compensation	417	274
Interest and other	(185)	(536)
	<b>\$ 3,896</b>	<b>\$ 952</b>

### *Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)*

The Company uses EBITDA as a supplemental financial measure of its operational performance. Management believes EBITDA to be an important measure of its capacity to generate cash flow from operations as it excludes the effects of items which primarily reflect the impact of long-term investment decisions and finance strategies, rather than the performance of the Company's day-to-day operations. The Company measures EBITDA as net profit before operations held for sale, plus income taxes, interest expense, and depreciation, depletion and accretion.

The Company believes that this measurement is useful in measuring the Company's ability to service debt, meet other payment obligations and as a valuation measurement. The following table provides a reconciliation of the Company's calculation of EBITDA:

**Table 15: EBITDA Calculation**

<i>In thousands of CDN dollars</i>	<b>Mar 31 2011</b>	Mar 31 2010
Profit (loss) from continuing operations	\$ 1,828	\$ (1,896)
Interest and other <sup>(1)</sup>	(496)	(537)
Depreciation and depletion	1,911	3,082
<b>EBITDA</b>	<b>\$ 3,243</b>	<b>\$ 649</b>

<sup>(1)</sup> Interest and other is the sum of Finance expense and Non-operating income.

As compared to profit (loss) according to IFRS, EBITDA is limited in that it does not reflect the periodic costs of certain capitalized assets used in generating revenues, or the non-cash charges associated with impairments and shutdown-related costs, income taxes, gain on sale of long-term investments or interest and other. Management evaluates such items through other financial measures such as capital expenditures and cash flow provided by operating activities.

### ***Cash Cost Per Ounce***

The Company reports its cash costs on a per-ounce basis, based on uniform standards developed by the Gold Institute, an independent researcher and evaluator of the gold market and gold industry. Management uses this measure to analyze the profitability, compared to average realized gold prices, of the Seabee Gold Operation. Investors are cautioned that the above measures may not be comparable to similarly titled measures of other companies, should these companies not follow Gold Institute standards.

### ***Net Cash Margin***

The Company uses net cash margin, which represents realized price per ounce less net cash costs per ounce. This measure is used by Management to analyze profitability trends and to assess the cash-generating capability from the sale of gold on a consolidated basis in each reporting period, expressed on a unit basis. Management believes that this measurement illustrates the performance of the Company's business on a consolidated basis and enables investors to better understand Claude's performance in comparison to other gold producers who present results on a similar basis and is an important indicator of expected performance in future periods.

The Company's net cash margin is intended to provide additional information, does not have any standardized meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This measure is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate net cash margin differently. The following table derives this non-IFRS measure from previously defined non-IFRS measures of realized gold price per ounce and total cash costs per ounce, as determined in the net cash cost reconciliation. Net cash margin could also be derived from realized price per ounce and net cash costs per ounce.

**Table 16: Net Cash Margin per Ounce Calculation**

	<b>Mar 31 2011</b>	Dec 31 2010	Mar 31 2010
Average Realized Price per Ounce (CDN\$)	\$ 1,408	\$ 1,273	\$ 1,147
Production costs (CDN\$ thousands)	\$ 8,746	\$ 31,217	\$ 8,408
Divided by ounces sold	<b>9,461</b>	44,003	8,890

	Mar 31 2011	Dec 31 2010	Mar 31 2010
Total cash costs per ounce (CDN\$)	\$ 924	\$ 709	\$ 946
Net Cash Margin per Ounce Sold (CDN\$)	\$ 484	\$ 564	\$ 201

## DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

As of March 31, 2011, we evaluated our disclosure controls and procedures as defined in the rules of the U.S. Securities and Exchange Commission ("SEC") and the Canadian Securities Administrators. This evaluation was carried out under the supervision and participation of Management, including the President and Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, no matter how well designed, has inherent limitations and can only provide reasonable assurance with respect to the preparation and fair presentation of published financial statements. Under the supervision and with the participation of the President and Chief Executive Officer and the Chief Financial Officer, management conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that internal control over financial reporting is effective as at March 31, 2011, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes.

We have assessed the impact of the IFRS transition on our internal control over financial reporting and on our disclosure controls and procedures. Changes in accounting policies or business processes may require additional controls or procedures to ensure the integrity of our financial disclosures. The transition to IFRS has not required any changes in our internal controls over financial reporting or our disclosure controls and procedures that have materially affected them or are reasonably likely to materially affect them.

No significant changes were made in our internal controls over financial reporting during the period ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING RESOURCE ESTIMATES

### *Resource Estimates*

The resource estimates in this Management's Discussion and Analysis were prepared in accordance with National Instrument 43-101, adopted by the Canadian Securities Administrators. The requirements of National Instrument 43-101 differ significantly from the requirements of the SEC. In this Management's Discussion and Analysis, the Company uses certain terms such as "measured", "indicated" and "inferred" resources. Although these terms are recognized and required in Canada, the SEC does not recognize them. The SEC permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that constitute "reserves". Under U.S. standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally extracted at the time the determination is made. U.S. investors should not assume that all or any portion of a measured or indicated resource will ever be converted into "reserves". Further, "inferred resources" have a great amount of uncertainty as to their existence and whether they can be mined economically or legally, and U.S. investors should not assume that "inferred resources" exist or can be legally or economically mined, or that they will ever be upgraded to a more certain category.

### **Compliance with Canadian Securities Regulations**

This quarterly report is intended to comply with the requirements of the Toronto Stock Exchange and applicable Canadian securities legislation, which differ in certain respects from the rules and regulations promulgated under the United States Securities Exchange Act of 1934, as amended ("Exchange Act"), as promulgated by the SEC.

U.S. investors are urged to consider the disclosure in our Annual Report on Form 40-F, File No. 001-31956, as filed with the SEC under the Exchange Act, which may be obtained from the Company (without cost) or from the SEC's Web site: <http://sec.gov/edgar.shtml>.

### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This Management's Discussion and Analysis may contain 'forward-looking' statements regarding the plans, intentions, beliefs and current expectations of the Company, its directors, or its officers with respect to the future business activities and operating performance of the Company. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company, or its management, are intended to identify such forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future business activities or performance and involve risks and uncertainties, and that the Company's future business activities may differ materially from those in the forward-looking statements as a result of various factors. Such risks, uncertainties and factors are described in the periodic filings with the Canadian securities regulatory authorities, including the Company's Annual Information Form and quarterly and annual Management's Discussion and Analysis, which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except in accordance with applicable securities laws.

### **ADDITIONAL INFORMATION**

Additional information related to the Company, including its Annual Information Form (Form 40-F in the U.S.), is available on Canadian ([www.sedar.com](http://www.sedar.com)) and U.S. ([www.sec.gov](http://www.sec.gov)) securities regulatory authorities' websites. Certain documents are also available on the Company's website at [www.clauderresources.com](http://www.clauderresources.com).

## GLOSSARY OF TECHNICAL TERMS

**Alteration** – any change in the mineral composition of a rock brought about by physical or chemical means.

**Assaying** - laboratory examination that determines the content or proportion of a specific metal (i.e.: silver) contained within a sample. Technique usually involves firing/smelting.

**Au Eq (“gold equivalent”)** – a measure of contained metal expressed in equivalent gold grade.

**Biotite** – a widely distributed and important rock-forming mineral of the mica group.

**Brecciated** – broken into sharp-angled fragments surrounded by finer-grained material.

**Bulk Sample** – a collection of representative mineralized material whose location, geologic character and metal assay content can be determined and then used for metallurgical or geotechnical testing purposes.

**Core Samples** - the cylindrical form of rock called “core” that is extracted from a diamond drill hole. Mineralized sections are separated and these samples are sent to a laboratory for analysis.

**Cut-off Grade** - the lowest grade of mineralized material that qualifies as a reserve in a deposit (i.e.: contributing material of the lowest assay that is included in a reserve estimate).

**Diamond Drilling** – a type of rotary drilling in which diamond bits are used as the rock-cutting tool to produce a recoverable drill core sample of rock for observation and analysis.

**Dip** – the angle that a structural surface, a bedding or fault plane makes with the horizontal, measured perpendicular to the strike of the structure.

**Dore** – the final saleable product from a gold mine.

**Drift** - a horizontal underground opening that follows along the length of a vein or rock formation.

**Exploration** – work involved in searching for ore, from prospecting to diamond drilling or driving a drift.

**Fault** – a fracture or break in rock along which there has been movement.

**Feasibility Study** – a definitive study of the viability of a mineral project by a Qualified Person that defines: (1) mining methods, pit configuration, mine scheduling, mine equipment and all related costing, (2) method of mineral processing and all related plant, equipment and costing, (3) necessary determination of all infrastructure required and relevant costs, and (4) all requirements of government and markets for mine operation. This study must include a definitive financial analysis of the mineral project taking into consideration all relevant factors, which will establish the presence of a Mineral Reserve and the details of its economic viability.

**Fire Assay** - the assaying of metallic minerals by use of a miniature smelting procedure with various agents.

**Footwall** - the rock on the underside of a vein or ore structure.

**Fracture** – a break or crack in rock.

**Geophysical Survey** - a scientific method of prospecting that measures the physical properties of rock formations. Common properties investigated include magnetism, specific gravity, electrical conductivity and radioactivity.

**Grade** – the metal content of rock with precious metals, grade can be expressed as troy ounces or grams per tonne of rock.

**Gram metre** – a measure of contained gold within a given interval calculated as the product of grams per tonne of gold intercepted over length of core.

**Granitoid** – a light-coloured, plutonic rock with quartz between 20 and 60 percent.

**Head Grade** – the average grade of ore fed into a mill.

**Igneous** – a primary type of rock formed by the cooling of molten material.

**Indicated Mineral Resource** – is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

**Inferred Mineral Resource** – is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

**Lens** - a body of ore that is thick in the middle and tapers towards the ends.

**Mafic** - igneous rocks composed mostly of dark, iron and magnesium-rich minerals.

**Measured Mineral Resource** - in reference to minerals, means a quantity is computed from dimensions revealed in outcrops, trenches, workings, or drill holes; grade and (or) quality are computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are spaced so closely and the geological character is so well defined that size, shape, depth and mineral content of the resource are well established.

**Metallurgy** – the study of the extractive processes which produce minerals from their host rocks.

**Mill** - A processing facility where ore is finely ground and thereafter undergoes physical or chemical treatment to extract the valuable metals.

**Mineral** – a naturally formed chemical element or compound having a definitive chemical composition and usually a characteristic crystal form.

**Mineralization** – a natural concentration in rocks or soil of one or more minerals.

**Mineral Reserve** – the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Prefeasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

**Mineral Resource** – a concentration or occurrence of natural, solid, inorganic, or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics, and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

**Muck** - ore or rock that has been broken by blasting.

**Ounces** - Troy ounces of a fineness of 999.9 parts per 1,000 parts.

**Ore** - Rock, generally containing metallic or non-metallic minerals, which can be mined and processed at a profit.

**Ore Body** - A sufficiently large amount of ore that can be mined economically.

**Plunge** - the vertical angle a linear geological feature makes with the horizontal plane.

**Prefeasibility Study** – a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and where an effective method of mineral processing has been determined. This study must include a financial analysis based on reasonable assumptions of technical engineering, operating, and economic factors, which are sufficient for a Qualified Person acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.

**Probable Mineral Reserve** – the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource, demonstrated by at least a Prefeasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

**Proven Mineral Reserve** – the economically mineable part of a Measured Mineral Resource demonstrated by at least a Prefeasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

**Qualified Person** – an individual who is an engineer or geoscientist with at least five (5) years of experience in mineral exploration, mine development, mine operation, project assessment or any combination of these; has experience relevant to the subject matter of the mineral project and technical report; and is a member in good standing of a professional association.

**Quartz** – crystalline silica; often forming veins in fractures and faults within older rocks.

**Raise** - a vertical or inclined underground working that has been excavated from the bottom upward.

**Resource** – a concentration of mineral material in such form and amount that economic extraction of a commodity from the concentration is currently or potentially feasible. Locations, grade, quality or quantity are estimated from specific geological evidence.

**Shear Zone** - a zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.

**Showing** - surface occurrence of mineral.

**Shrinkage Stopping** – any mining method in which broken ore is temporarily retained in the stope to provide a working platform and/or to offer temporary support to the stope walls during active mining.

**Sill** - an intrusive sheet of igneous rock of roughly uniform thickness that has been forced between the bedding planes of existing rock; the initial horizontal drift along the strike of the ore vein.

**Stope** - an underground excavation from which ore has been extracted, either above or below a level. Access to stopes is usually by way of adjacent raises.

**Stratigraphy** – the sequence of bedded rocks in a particular area.

**Tailings** - The material that remains after all economically and technically recoverable precious metals have been removed from the ore during processing.

**Tonne** – a metric ton or 2,204 pounds.

**Vein** – a thin, sheet-like, cross-cutting body of hydrothermal mineralization, principally quartz.

**Waste** – barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

**Working interest or WI** - means the interest held by Claude in property. This interest normally bears its proportionate share of capital and operating costs as well as royalties or other production burdens. The working interest percentage is expressed before royalty interests.

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## **GLOSSARY OF FINANCIAL TERMS**

**Current ratio** = (current asset / current liabilities)

**EBITDA** = earnings (net profit or loss) before interest, taxes, depreciation and amortization

**Debt to capital** = (total debt – cash and cash equivalents) / (total debt – cash and cash equivalents + total shareholders' equity)

**Working capital** = (current asset – current liabilities)

# Claude Resources Inc.

## Condensed Consolidated Interim Statements of Financial Position

UNAUDITED  
CANADIAN DOLLARS IN THOUSANDS

		MAR 31 2011	DEC 31 2010	JAN 1 2010
	Note		(Note 17)	(Note 17)
<b>Assets</b>				
Cash and cash equivalents		\$ 2,358	\$ 6,401	\$ 11,948
Restricted cash	5	-	4,389	-
Accounts receivable		3,074	2,716	4,806
Interest receivable on restricted promissory notes		683	4,904	4,866
Inventories		21,173	9,283	11,448
Prepays		870	496	327
Assets related to discontinued operation	7	-	-	5,075
<b>Current assets</b>		<b>28,158</b>	<b>28,189</b>	<b>38,470</b>
Mineral properties		121,274	106,479	81,066
Investments	8	2,357	4,328	643
Deposits for reclamation costs	9	2,277	2,277	2,277
Restricted promissory notes		84,037	83,219	82,568
<b>Non-current assets</b>		<b>209,945</b>	<b>196,303</b>	<b>166,554</b>
<b>Total assets</b>		<b>\$ 238,103</b>	<b>\$ 224,492</b>	<b>\$ 205,024</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities		\$ 17,728	\$ 5,421	\$ 4,426
Interest payable on royalty obligations		664	4,770	4,729
Demand loans	10	2,019	2,499	4,586
Liabilities related to discontinued operation	7	-	-	532
Other liabilities		3,684	2,634	2,942
<b>Current liabilities</b>		<b>24,095</b>	<b>15,324</b>	<b>17,215</b>
Finance leases	10	3,247	873	1,240
Debenture	10	9,307	9,257	9,192
Royalty obligations		84,886	84,220	83,554
Deferred revenue		4,339	4,582	5,531
Asset retirement obligations	9	4,748	4,810	3,534
<b>Non-current liabilities</b>		<b>106,527</b>	<b>103,742</b>	<b>103,051</b>
<b>Shareholders' equity</b>				
Share capital		124,992	123,027	115,459
Contributed surplus		3,175	2,986	2,580
Accumulated deficit		(21,936)	(23,764)	(33,315)
Accumulated other comprehensive income		1,250	3,177	34
<b>Total shareholders' equity</b>		<b>107,481</b>	<b>105,426</b>	<b>84,758</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 238,103</b>	<b>\$ 224,492</b>	<b>\$ 205,024</b>

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board:



Ted J. Nieman  
Chairman



Ronald J. Hicks, CA  
Chairman, Audit Committee

# Claude Resources Inc.

## Condensed Consolidated Interim Statements of Income (Loss)

UNAUDITED  
CANADIAN DOLLARS IN THOUSANDS

	Note	Three months ended	
		MAR 31 2011	MAR 31 2010 (Note 17)
<b>Revenue</b>		\$ 13,322	\$ 10,200
<b>Mine Operating Costs:</b>			
Production costs		\$ 8,746	\$ 8,408
Depreciation and depletion		1,911	3,082
		<b>10,657</b>	11,490
Profit (loss) from mining operations		<b>2,665</b>	(1,290)
General and administrative		1,442	1,143
Finance expense		220	250
Other income		(716)	(787)
Gain on investments		(109)	-
		<b>837</b>	606
Net profit (loss) from continuing operations		<b>1,828</b>	(1,896)
Profit from discontinued operation	7	-	286
<b>Net profit (loss)</b>		\$ <b>1,828</b>	\$ (1,610)

Net earnings (loss) per share			
Basic and diluted	12		
From continuing operations		\$ 0.01	\$ (0.01)
Net earnings (loss)		\$ 0.01	\$ (0.01)

Weighted average number of common shares outstanding (000's)

Basic	<b>140,361</b>	126,414
Diluted	<b>144,926</b>	126,414

See accompanying notes to condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

UNAUDITED  
CANADIAN DOLLARS IN THOUSANDS

	Note	Three months ended	
		MAR 31 2011	MAR 31 2010 (Note 17)
<b>Net profit (loss)</b>		\$ 1,828	\$ (1,610)
Other comprehensive income (loss)			
Gain on available-for-sale securities transferred to profit (loss)		(109)	-
Unrealized gain (loss) on available-for-sale securities		(1,818)	59
Other comprehensive income (loss)		<b>(1,927)</b>	59
<b>Total comprehensive loss</b>		\$ <b>(99)</b>	\$ (1,551)

See accompanying notes to condensed consolidated interim financial statements.

# Claude Resources Inc.

## Condensed Consolidated Interim Statements of Shareholders' Equity

UNAUDITED  
CANADIAN DOLLARS IN THOUSANDS

	Note	Three months ended	
		MAR 31 2011	MAR 31 2010 (Note 17)
<b>Share Capital</b>			
Balance, beginning of period		\$ 123,027	\$ 115,459
Common shares and warrants, issued for cash		1,737	(78)
Other		228	324
Balance, end of period		\$ 124,992	\$ 115,705
<b>Contributed Surplus</b>			
Balance, beginning of period		\$ 2,986	\$ 2,580
Stock-based compensation		417	274
Other		(228)	(324)
Balance, end of period		\$ 3,175	\$ 2,530
<b>Accumulated Deficit</b>			
Balance, beginning of period		\$ (23,764)	\$ (33,315)
Net profit (loss)		1,828	(1,610)
Balance, end of period		\$ (21,936)	\$ (34,925)
<b>Accumulated Other Comprehensive Income</b>			
Balance, beginning of period		\$ 3,177	34
Other comprehensive income (loss)		(1,927)	59
Balance, end of period <sup>(1)</sup>		\$ 1,250	93
Total accumulated deficit and accumulated other comprehensive income		\$ (20,686)	\$ (34,832)
<b>Shareholders' equity, end of period</b>		<b>\$ 107,481</b>	<b>\$ 83,403</b>

<sup>(1)</sup> Accumulated other comprehensive income (loss) is comprised of unrealized gains (losses) on available-for-sale securities (Note 8).

See accompanying notes to condensed consolidated interim financial statements.

# Claude Resources Inc.

## Condensed Consolidated Interim Statements of Cash Flows

UNAUDITED  
CANADIAN DOLLARS IN THOUSANDS

	Note	Three Months Ended	
		MAR 31 2011	MAR 31 2010 (Note 21)
<b>Cash flows from (used in) operating activities</b>			
Net profit (loss) from continuing operations		\$ 1,828	\$ (1,896)
Adjustments for non-cash items:			
Depreciation and depletion		1,911	3,082
Accretion		34	28
Gain on investments		(109)	-
Stock-based compensation		417	274
Interest and other		(185)	(536)
Net changes in non-cash operating working capital:			
Accounts receivable		3,863	5,734
Inventories		(11,722)	(7,627)
Prepays		(374)	163
Accounts payable and accrued liabilities		8,201	2,564
<b>Net cash provided by continuing operations</b>		<b>3,864</b>	<b>1,786</b>
<b>Net cash provided by discontinued operation</b>	7	<b>-</b>	<b>332</b>
		<b>3,864</b>	<b>2,118</b>
<b>Cash flows from investing activities</b>			
Mineral properties		(16,971)	(9,845)
Proceeds on disposition of discontinued operation		-	76
Discontinued operation		-	(63)
Restricted promissory notes		(818)	(651)
Restricted cash		4,389	-
Investments		154	(51)
<b>Net cash used in investing activities</b>		<b>(13,246)</b>	<b>(10,534)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of common shares and warrants, net of issue costs		1,737	(78)
Debenture redemption		(82)	-
Royalty obligations		666	666
Demand loan repayments		(480)	(662)
Obligations under capital lease:			
Proceeds		4,077	1,961
Repayments		(579)	(857)
<b>Net cash from financing activities</b>		<b>5,339</b>	<b>1,030</b>
Decrease in cash and cash equivalents		(4,043)	(7,386)
Cash and cash equivalents, beginning of period		6,401	11,948
Cash and cash equivalents, end of period		\$ 2,358	\$ 4,562

See accompanying notes to condensed consolidated interim financial statements.

# **Claude Resources Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three Months ended March 31, 2011 and 2010

Expressed in Thousands of Canadian Dollars, except as otherwise noted

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### **1. Corporate Information:**

Claude Resources Inc. (“Claude” or the “Company”) is a company domiciled in Canada. The address of the Company’s registered office is at 1500, 410 – 22<sup>nd</sup> Street East, Saskatoon, Saskatchewan, S7K 5T6. Its principal office is located at 200, 224 – 4<sup>th</sup> Avenue South, Saskatoon, Saskatchewan, S7K 5M5.

Claude Resources Inc. is a gold producer whose shares are listed on both the Toronto Stock Exchange (TSX-CRJ) and the NYSE Amex (NYSE Amex-CGR). The Company is also engaged in the exploration and development of gold mineral reserves and mineral resources. The Company’s entire asset base is located in Canada. Its main revenue generating asset is the 100 percent owned Seabee Gold Operation, located in northern Saskatchewan. Claude also owns 100 percent of the 10,000 acre Madsen Property in the Red Lake gold camp of northwestern Ontario and has a 65 percent working interest in the Amisk Gold Project in northeastern Saskatchewan.

### **2. Basis of Preparation:**

#### **STATEMENT OF COMPLIANCE**

These condensed consolidated interim financial statements for the three months ended March 31, 2011 have been prepared in accordance with International Accounting Standard 34 (“IAS 34”), *Interim Financial Reporting*. These are the Company’s first International Financial Reporting Standards (“IFRS”) condensed consolidated interim financial statements for part of the period covered by the first annual financial statements prepared under IFRS and IFRS 1, *First-time Adoption of International Financial Reporting Standards (“IFRS 1”)*. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. However, they have been prepared in accordance with accounting policies the Company expects to adopt in its December 31, 2011 financial statements. Those accounting policies are based on the IFRS and IFRS Interpretations Committee interpretations that the Company expects to be applicable at that time.

The Company’s consolidated financial statements for the year ended December 31, 2010 were previously prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”). As these are the Company’s first consolidated financial statements in accordance with IFRS the comparative figures for 2010 were restated and an explanation on how the transition from Canadian GAAP has affected the financial position, financial performance and cash flows of the Company is provided in Note 17. Certain disclosures in addition to the minimum disclosure requirements under IAS 34 were included to either highlight the changes from the Company’s 2010 annual statements under Canadian GAAP or to continue certain practices previously adopted as part on the interim financial statements filed under Canadian GAAP.

These condensed consolidated interim financial statements were authorized for issue by the Company’s Board of Directors on June 3, 2011.

#### **BASIS OF MEASUREMENT**

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for derivative financial instruments and available-for-sale financial assets, which are measured at fair value.

#### **FUNCTIONAL CURRENCY**

These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except as otherwise noted.

#### **USE OF ESTIMATES AND JUDGEMENTS**

The preparation of the Company’s condensed consolidated interim financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses at the date of the consolidated financial statements. Actual results may differ from these estimates.

Significant judgments, estimates and assumptions are related to the useful lives and recoverability of mineral properties, provisions for decommissioning and reclamation, financial instruments and mineral reserves. Although these estimates

## **Claude Resources Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three Months ended March 31, 2011 and 2010

Expressed in Thousands of Canadian Dollars, except as otherwise noted

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are based on Management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Accounting judgments, estimates and assumptions, and their application to accounting policies, that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

#### **Asset Retirement Obligations**

The Company's mining and exploration activities are subject to various environmental laws and regulations. The Company estimates environmental obligations based on the current legal requirements and estimates. Provision is made, based on net present values, for decommissioning and land restoration costs as soon as the obligation arises.

#### **Ore Reserve and Resource Estimates**

Ore reserves are estimates of the amount of ore that can be economically extracted from the Company's mining properties. Estimating the quantities and or grades of the reserves and resources requires the size, shape and depth of the ore bodies to be determined by analyzing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgments and calculations to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body.

Because the economic assumptions used to estimate the gold mineral reserves and resources change from period to period, and because additional geological data is generated during the course of operations, estimates of the mineral reserves and resources may change from period to period. Changes in the reserve or resource estimates may also impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, asset retirement obligations, recognition of deferred tax assets and depreciation and amortization charges.

At the end of each financial year, the Company updates its estimate of proved and probable gold mineral reserves and resources. Depreciation of the Company's mining assets, included within the Mineral properties line item on the Statement of Financial Position, is prospectively adjusted, based on these changes.

#### **Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a mineral resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The capitalization policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of this expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the period when the new information becomes available.

#### **Impairment**

The Company assesses at the end of each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made. Determining the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Changes in circumstances may affect these estimates and the recoverable amount.

Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the

## **Claude Resources Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three Months ended March 31, 2011 and 2010

Expressed in Thousands of Canadian Dollars, except as otherwise noted

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risks specific to the asset.

On transition to IFRS (see Note 17), Management has determined that the carrying amount for the Seabee Gold Mine was higher than the recoverable amount and recognized a \$13.1 million impairment charge.

The fair value of those assets that are not mineral assets is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

#### **Production Start Date**

The Company assesses the stage of each mine under construction to determine when a mine moves into commercial production. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the geology and its location. The Company considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and is reclassified from "Mines under construction" to "Producing mines" and "Property, plant and equipment". Some of the criteria will include, but are not limited, to the following:

- Completion of a reasonable period of testing of the mine plant and equipment;
- Ability to produce precious metal in saleable form;
- Ability to sustain certain levels of ongoing production of precious metals; and
- Production attaining a reasonable percentage of Mine Plan for a specified period of time.

When a mine enters the production stage, the capitalization of certain construction costs ceases and costs are either regarded as inventory or expense, except for costs capitalized. Depreciation and depletion commences at this time.

#### **Effective Interest Rate Method**

The Company utilizes the effective interest rate method when accounting for certain of its financial instruments. The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument.

#### **Taxation**

Estimation of deferred taxes includes judgments based on the expected performance. Various factors are considered to assess taxes, including past operating results, operational plan, expiration of tax losses and tax pools carried forward and tax planning strategies.

### **3. Significant Accounting Policies:**

This summary of significant accounting policies is a description of the accounting methods and practices that have been used in the preparation of these condensed consolidated interim financial statements. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

The Accounting policies have been applied consistently by the Company and its wholly owned subsidiaries.

#### **CONSOLIDATION PRINCIPLES**

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries. These condensed consolidated interim financial statements include the Company's proportionate share of joint ventures. Intercompany transactions have been eliminated on consolidation. The financial statements of the subsidiaries are prepared using consistent accounting policies and reporting dates of the Company.

## **Claude Resources Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three Months ended March 31, 2011 and 2010

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#### **INTERESTS IN JOINT VENTURES**

A joint venture can take the form of a jointly controlled entity, jointly controlled operation or jointly controlled asset. All joint ventures involve a contractual arrangement that establishes joint control.

##### **Reimbursement of the joint venture operator's costs**

When Claude, acting as an operator, receives reimbursement of direct costs charged to the joint venture, such charges represent reimbursement of costs that the operator incurred as an agent for the joint venture and therefore have no effect on the statement of comprehensive income.

##### **Jointly controlled assets**

A jointly controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

Where the Company's activities are conducted through jointly controlled assets, the Company recognizes its share of the jointly controlled assets and liabilities it has incurred and related revenue and operating costs in the financial statements.

#### **FOREIGN CURRENCY TRANSLATION**

Transactions denominated in foreign currencies are translated to Canadian dollars at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the Statement of Financial Position. Exchange gains and losses on these transactions are included in profit (loss).

#### **FINANCIAL INSTRUMENTS**

##### **Non-derivative Financial Assets**

The Company initially recognizes loans and receivables and deposits on the date they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and a net asset amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's non-derivative financial assets include: held-to-maturity financial assets; loans and receivables; and available-for-sale financial assets.

##### ***Held-to-maturity financial assets***

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years.

The Company's held-to-maturity financials assets are reclamation deposits.

**Claude Resources Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the Three Months ended March 31, 2011 and 2010  
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***Loans and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's loans and receivables are comprised of: cash and cash equivalents; trade and other receivables; interest receivable on restricted promissory notes; and restricted promissory notes.

Cash and cash equivalents comprise cash balances and deposits with original maturities of three months or less. Bank overdrafts, if utilized, are repayable on demand, form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, these assets are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented within equity. When an investment is derecognized either through sale or impairment that is other than temporary, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

**Non-derivative Financial Liabilities**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and liabilities are offset and the net liability amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings; bank overdrafts in the form of a line of credit; trade and other payables; interest payable on royalty obligations; the Company's debenture; and royalty obligations.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

**Share Capital**

***Common shares***

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

***Flow-through shares***

From time to time, the Company may finance a portion of its exploration activities through the issue of flow-through shares. The premium paid for flow through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made.

## **Claude Resources Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three Months ended March 31, 2011 and 2010

Expressed in Thousands of Canadian Dollars, except as otherwise noted

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#### **Compound Financial Instruments**

The Company's debenture is a compound financial instrument, as it contains components that are both debt and equity. The debt and equity components are presented separately on the Company's Statement of Financial Position. Transaction costs incurred with the completion of this debenture have been netted against proceeds received. The liability portion of the debenture has been designated as an other financial liability and was initially recognized at fair value. The equity component was recognized as the difference between the fair value of the debenture as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method. The equity component is not remeasured subsequent to initial recognition.

#### **Derivative and Other Financial Instruments**

Derivative financial instruments, which include foreign exchange and gold derivative contracts, are not designated as hedges. These instruments are recorded using the mark-to-market method of accounting whereby instruments are recorded in the consolidated Statement of Financial Position as either an asset or liability with changes in fair value recognized in profit or loss.

#### **INVENTORIES**

Inventories are comprised of broken ore, gold in-circuit and consumable materials and supplies. Broken ore represents matter that, at the time of extraction, the Company expects to process into a saleable form and sell at a profit. Ore is recorded as an asset that is classified within inventory as material is extracted from underground mines. Gold ore contained in stockpiles is measured by estimating the number of tonnes added and removed from the stockpile, and the associated estimate of gold contained therein (based on assay data) and applying estimated metallurgical recovery rates (based on the expected processing method). Stockpiled ore tonnages are verified by periodic surveys. Costs are allocated to ore stockpiles based on quantities of material stockpiled using current mining costs incurred up to the point of stockpiling the ore and including allocations of waste mining costs, overheads, depreciation, depletion and amortization relating to mining operations. As ore is processed, costs are removed based on recoverable quantities of gold and each stockpile's average cost per unit.

Ore is accumulated in stockpiles which are subsequently processed into gold bullion in a saleable form under a mine plan that takes into consideration optimal scheduling of production of the Company's reserves, present plant capacity and the market price of gold. Gold contained in the milling circuit represents gold that the Company counts as production but is not yet in a saleable form. Gold inventory, which includes gold bullion, gold contained in the milling circuit and in stockpiled ore on surface, is valued at the lower of cost and net realizable value. Costs include labour, equipment costs and operating overhead. Material and supplies inventory is valued at the lower of cost and net realizable value. Any provision for obsolescence is determined by reference to specific stock items identified as obsolete.

#### **MINERAL PROPERTIES**

The Company holds various positions in mining interests, including exploration rights, mineral claims, mining leases, unpatented mining leases and options to acquire mining claims or leases. All of these positions are classified as mineral properties for financial statement purposes.

#### **Recognition and Measurement**

All costs related to the acquisition, exploration and development of mineral properties and the development of milling assets are capitalized on a property by property basis. Costs include expenditure that is directly attributable to the acquisition of the asset. Development costs on producing properties include only expenditures incurred to develop reserves or for delineation of existing reserves. Interest on debt directly related to the acquisition and development of mineral properties is capitalized until commencement of commercial production. Expenditures for maintenance and repairs are charged to operating expenses as incurred. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The decision to develop a mine property within a project area is based on an assessment of the commercial viability of

## **Claude Resources Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the Three Months ended March 31, 2011 and 2010**

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the property and the availability of financing. Once the decision to proceed to development is made, development and other expenditures relating to the project area are deferred and disclosed as part of mineral properties with the intention that these will be depreciated by charges against earnings from future mining operations. No depreciation is charged against the property until commercial production commences. After a mine property has been brought into commercial production, costs of additional work on that property are expensed as incurred.

When material components of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and depreciated separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within other income in profit or loss.

#### **Subsequent Costs**

The cost of replacing a part of an item of property, plant and equipment is added to the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is removed. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

#### **Depreciation and Depletion**

Depreciation and depletion is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Land is shown at cost and not depreciated or depleted.

Depreciation and depletion is recognized in profit or loss either through the units of production method or the straight-line method.

Upon commencement of commercial production, the cost of mine development, mine buildings, plant and equipment directly used in production are amortized against future income using the unit of production method over estimated recoverable ore reserves. Estimated recoverable ore reserves include proven and probable mineral reserves. Costs which are not considered economically recoverable through mining operations or through sale of reserves, or are related to properties which are allowed to lapse, are expensed.

Mobile equipment and other general assets not directly related to production are depreciated using the straight-line method over the estimated with useful lives of 2 to 10 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

#### **EXPLORATION AND EVALUATION EXPENDITURES**

Exploration and evaluation expenditures are those expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditures are capitalized when it is expected that they will be recouped by future mining, and when the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold reserves. When the technical feasibility and commercial viability of extracting a gold resource are demonstrable, capitalized exploration and evaluation assets are tested for impairment and then reclassified to mining assets.

#### **LEASED ASSETS**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and the leased assets are not recognized in the Company's statement of financial position.

## **Claude Resources Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the Three Months ended March 31, 2011 and 2010

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#### **ASSET RETIREMENT OBLIGATIONS**

The mining, extraction and processing activities of the Company normally give rise to obligations for site closure or environmental restoration. Closure and restoration can include property decommissioning and dismantling, removal or treatment of waste materials, as well as site and land restoration. The Company provides for the closure, reclamation and decommissioning of its operating and development sites based on the estimated future costs using information available at the reporting date. Costs included in the provision comprise all closure and restoration activity expected to occur gradually over the life of the operation and at the time of closure. Routine operating costs that may impact the ultimate closure and restoration activities, such as waste material handling conducted as a normal part of a mining or production process, are not included in the provision.

The amount of the provision recognized is estimated based on the risk adjusted costs required to settle present obligation, discounted using a pre-tax risk-free discount rate consistent with the expected cash flows.

When the liability is initially recorded, a corresponding asset is recognized. At each reporting date the restoration and rehabilitation provisions are remeasured in line with changes in discount rates and timing or amounts of the costs to be incurred.

Changes in the liability relating to mine rehabilitation and restoration obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognized as a finance cost in the Statements of Earnings and Comprehensive Income. Changes to capitalized cost result in an adjustment to future depreciation charges.

#### **IMPAIRMENT**

##### **Financial Assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event will have a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss.

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If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

#### **Non-Financial Assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate to arrive at a net present value of the asset.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different than those used in calculating fair value and consequently the value in use calculation is likely to give a different result (usually lower) than a fair value calculation. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date whenever events or changes in circumstances indicate that the impairment may have reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in earnings.

#### **NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION**

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Company's accounting policies. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less cost to sell.

A discontinued operation is a component of the Company's business that represents a separate major line of business that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

#### **PROVISIONS**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current

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market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**REVENUE RECOGNITION**

Revenue from the sale of precious metals is recognized when the significant risks and rewards of ownership have passed. This is when persuasive evidence of an arrangement exists, title and insurance risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable.

**LEASE PAYMENTS**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Determining whether an arrangement contains a lease**

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset. The Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

**INCOME TAXES**

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**EARNINGS PER SHARE**

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds obtained on exercise of options and warrants would be used by the Company to repurchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

**SHARE-BASED PAYMENTS**

The Company has two stock-based compensation plans which are described further in Note 11(c) and 11(d).

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#### **Stock Option Plan**

The Company accounts for all stock option awards using the fair-value method of accounting. Under this method, the Company recognizes a compensation expense over the vesting period of the stock options granted based on their fair value, which is determined using the Black-Scholes option pricing model. The fair value of the option is expensed over the vesting period with a corresponding amount recorded as contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

#### **Employee Share Purchase Plan**

Under the Employee Share Purchase Plan ("ESPP"), compensation expense is recognized as the fair value of the Company's contribution to the plan. Consideration received from the ESPP is recorded as share capital and contributed surplus is transferred to share capital upon the issuance of shares. Shares issued pursuant to the ESPP are valued using the Black-Scholes option pricing model.

## **4. Accounting Standards:**

#### **Future Changes in Accounting Policies**

##### Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9"), was issued by the IASB on November 12, 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

## **5. Restricted Cash:**

During the third quarter of 2010, the Company completed the disposal of its oil and natural gas assets. Pursuant to the Company's debenture indenture agreement, the disposition triggered an offer to repay its outstanding debentures. The net proceeds from this sale were placed in trust until January 14, 2011 to fund possible debenture repayments. On January 14, 2011, \$0.1 million of debentures were redeemed by debenture holders. Once paid, the balance held in trust was released and deposited into the Company's operating account.

## **6. Mineral Properties:**

#### **Exploration properties**

Amounts reflected for exploration properties not in commercial production represent costs incurred to date, net of write-downs, and are not intended to reflect present or future values. The recoverability of these costs is dependent upon the discovery of economically recoverable ore reserves and the ability to obtain necessary financing for the development of future profitable production from the properties or realization of sufficient proceeds from the disposition of the properties based on reserve estimates verified by the Company's Qualified Persons.

Expenditures on exploration properties for the period ended March 31, 2011, and for the year ended December 31, 2010, were comprised largely of: drilling and bulk sample costs on the Santoy, Trident and Neptune properties within the Seabee Gold Operation; drilling costs on the Amisk Gold Project; and drilling and dewatering costs on the Madsen Gold Project.

#### **Leased machinery**

The Company leases production equipment under a number of finance lease agreements. Some leases provide the Company with the option to purchase the equipment at a beneficial price. Some leases are for specialized equipment and in these leases the Company can cancel the leases at its option, but is responsible for reimbursing the lessor for any losses incurred. The leased equipment secures lease obligations. At March 31, 2011 the carrying amount of finance leases was \$6.0 million (December 31, 2010: \$2.5 million).

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#### Security

The Company's demand loans (Note 10(a)) are secured by a general security agreement covering all of the Company's assets. The Company's debenture (Note 10(b)) is secured by a general security agreement covering all of the Company's assets, except those subordinated to bank debt.

#### Capitalized interest

Cumulative debenture interest costs of \$2.0 million as at March 31, 2011 (December 31, 2010: \$1.9 million) relating to the Madsen project have been capitalized in accordance with the Company's accounting policy.

### 7. Discontinued Operation:

During the third quarter of 2010, the Company sold its remaining oil and natural gas assets. As such, there were no Assets held for sale or related liabilities as at March 31, 2011 or December 31, 2010 nor were there any results and cash flows from operations as at March 31, 2011.

The results of the discontinued operation were as follows:

	MAR 31 2011	MAR 31 2010
<b>Revenue</b>		
Oil and natural gas (net of royalties)	\$ -	\$ 581
<b>Expenses</b>		
Operating	-	294
Accretion	-	1
	-	295
<b>Profit from discontinued operation</b>	\$ -	\$ 286

The cash flows provided by the discontinued operation were as follows:

	MAR 31 2011	MAR 31 2010
Profit from discontinued operation	\$ -	\$ 286
Adjustments for:		
Accretion	-	1
Decrease in Accounts receivable	-	241
Decrease in Accounts payable and accrued liabilities	-	(196)
<b>Cash provided by discontinued operation</b>	\$ -	\$ 332

### 8. Investments:

	MAR 31 2011	DEC 31 2010
Available-for-sale securities, beginning of period	\$ 4,328	\$ 643
Disposition of available-for-sale securities	(44)	-
Acquisition of available-for-sale securities	-	749
Unrealized gain (loss) on available-for-sale securities	(1,927)	2,936
<b>Available-for-sale securities, end of period</b>	\$ 2,357	\$ 4,328

During the period ended March 31, 2011, the Company determined that no portion of the unrealized loss recorded in available-for-sale financial assets represented an impairment.

By holding these investments, the Company is exposed to various risk factors including market price risk and liquidity risk (Note 13).

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#### 9. Asset Retirement Obligations:

The Company's asset retirement obligations consist of reclamation and closure costs. Mineral property obligations were determined using a discount rate of 3.35 percent. Expected payment of future obligations are \$5.9 million over the next 6 years. A notional accretion expense component has been charged in 2011, augmented by revisions made to asset retirement obligations, resulting in an increase in the overall carrying amount of the asset retirement obligations. Changes to the asset retirement obligation during the year are as follows:

	MAR 31 2011	DEC 31 2010
Asset retirement obligations, beginning of period	\$ 4,810	\$ 3,696
Accretion expense	34	108
Revisions due to sale of properties and technical adjustments	-	(464)
Revisions in estimated future cash flows	(96)	1,470
Asset retirement obligations, end of period	\$ 4,748	\$ 4,810

As at March 31, 2011, as required by regulatory authorities, the Company has provided letters of credit as security for reclamation related to the Madsen and Seabee properties in the amounts of \$0.7 million (December 31, 2010 - \$0.7 million) and \$1.6 million (December 31, 2010 - \$1.6 million), respectively. As security for these letters of credit, the Company has provided investment certificates in the amount of \$2.3 million (December 31, 2010 - \$2.3 million).

#### 10. Loans and Borrowings:

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see Note 13.

	MAR 31 2011	DEC 31 2010
<b>Current liabilities</b>		
Demand loans (a)	\$ 2,019	\$ 2,499
Current portion of finance lease liabilities	2,721	1,597
Current portion of debenture	-	87
	\$ 4,740	\$ 4,183
<b>Non-current liabilities</b>		
Debenture (b)	\$ 9,307	\$ 9,257
Finance lease liabilities	3,247	873
	\$ 12,554	\$ 10,130

##### (a) Demand Loans

Terms and conditions of the Company's outstanding demand loans were as follows:

	MAR 31 2011	DEC 31 2010
Demand loan, repayable in monthly payments of \$83,333 plus interest at prime plus 1.50 percent, due August 2011	\$ 417	\$ 667
Demand loan, repayable in monthly payments of \$83,371 including interest at 4.575 percent, due November 2012	1,602	1,832
	\$ 2,019	\$ 2,499

The demand loans are secured by a general security agreement covering all assets of the Company.

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#### (b) Debenture

The debenture features a 12 percent interest rate and five year term with monthly interest only payments. The debenture matures on May 23, 2013. Upon entering into the debenture indenture agreement, debenture holders received warrants in the amount of 10 percent of the debenture purchase, for a total of 1,809,500 warrants (Note 11(e)). Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$1.60 per common share until May 23, 2013. The value of the warrants associated with the debenture on the date of issuance was \$0.6 million.

During the second quarter of 2009, the Company repaid \$8.3 million of the outstanding debentures, representing principal plus unpaid interest thereon up to and including June 1, 2009. During the first quarter of 2011, the Company repaid \$0.1 million of the outstanding debentures, representing principal plus unpaid interest thereon up to and including January 14, 2011. A total of \$9.8 million of debentures remain outstanding after the payment in 2011.

The balance of the debentures outstanding is amortized using the effective interest rate method at an effective rate of 14.7 percent over the remaining term of the debentures.

	MAR 31 2011	DEC 31 2010
Debenture payable, beginning of period	\$ 9,344	\$ 9,192
Amortized cost of debenture redemption	(82)	-
Amortization of debt issue costs	45	152
Debenture payable, end of period	9,307	9,344
Less: current portion	-	87
Debenture payable, end of period	\$ 9,307	\$ 9,257

The debenture is secured by a general security agreement covering all of the Company's assets, except those subordinated to bank debt, and contains an early redemption provision.

#### (c) Other

The Company has a \$3.5 million operating line of credit which bears interest at prime plus 1.25 percent. These funds are available for general corporate purposes. At March 31, 2011 and December 31, 2010, this line of credit was not drawn upon.

At December 31, 2010, in addition to its undrawn line of credit, the Company had available \$5.5 million of undrawn committed borrowing facilities relating to the Company's offer to repay its outstanding debentures. During the first quarter of 2011, this facility expired concurrently with the completion of the Company's offer to repay its debenture outstanding.

## 11. Share Capital:

At March 31, 2011 there were 140,849,931 common shares of the Company outstanding.

#### (a) Authorized Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares and two classes of unlimited preferred shares issuable in series.

#### (b) Issue of Shares

During the first quarter of 2011, the Company issued 235,614 and 156,667 common shares pursuant to the Company's Employee Share Purchase Plan and the Company's Stock Option plan, respectively. The Company also issued an additional 1,544,321 common shares due to the exercise of common share purchase warrants (Note 11(e)).

#### (c) Employee Share Purchase Plan ("ESPP")

The ESPP was established to encourage employees to purchase Company common shares. Under the plan, eligible employees may contribute up to five percent of their basic annual salary and the Company shall contribute common shares in an amount equal to 50 percent of the employee's contribution. Shares of the Company are issued to employees based on a weighted average market price over a specific period. During the first quarter of 2011, the Company issued 235,614 common shares (2010 –

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430,395) pursuant to this plan. The maximum number of common shares of the Company available for issue under this ESPP is five percent of the Company's common shares outstanding.

#### (d) Stock Option Plan

The Company has established a stock option plan under which options may be granted to directors, officers, key employees and consultants. The maximum number of common shares available for option under the stock option plan is nine percent of the Company's common shares outstanding. Options granted have an exercise price of the prior day's closing price of the common shares on the stock exchange on which the shares are traded. The majority of the options granted vest over two years and expire ten years from the date of the grant of the option.

For director and employee options outstanding at March 31, 2011 and December 31, 2010, weighted average exercise prices are as follows:

	MAR 31 2011	Weighted Average Exercise Price	DEC 31 2010	Weighted Average Exercise Price
Beginning of period	3,916,737	\$ 1.15	3,259,028	\$ 1.08
Options granted	530,277	2.34	1,166,546	1.15
Options exercised	(156,667)	1.27	(422,414)	0.66
Options lapsed	(8,000)	1.60	(86,423)	0.98
End of period	4,282,347	\$ 1.29	3,916,737	\$ 1.15

For director and employee options outstanding at March 31, 2011, the range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life are as follows:

Option Price Per Share	Number Outstanding	Number Vested	Weighted Average Exercise Price	Weighted Average Remaining Life
\$0.50 - \$0.99	1,145,250	1,131,917	\$ 0.69	4.98 years
\$1.02 - \$1.47	1,644,820	1,285,015	1.14	7.59 years
\$1.54 - \$2.38	1,492,277	1,067,055	1.79	7.47 years
	4,282,347	3,483,987	\$ 1.29	6.85 years

The fair value of stock options granted during the period were estimated using the Black-Scholes option pricing model with assumptions of a 6.84 year weighted average expected option life, a two percent expected forfeiture rate, 67.8 percent to 73.9 percent volatility (Q1 2010 – 63 percent to 73 percent) and interest rates ranging from 2.5 percent to 3.1 percent (Q1 2010 – 2.5 percent to 3.1 percent). For the period ending March 31, 2011, the compensation expense recognized in respect of stock options was \$0.4 million (March 31, 2010 - \$0.3 million).

#### (e) Warrants

At March 31, 2011, there were 9.0 million common share purchase warrants outstanding. Each common share purchase warrant entitles the holder to acquire one common share of the Company at prices determined at the time of issue. The range of exercise prices and dates of expiration of the common share purchase warrants outstanding are all follows:

Price	Expiry Date	Number Outstanding at December 31, 2010	Exercised	Number Outstanding at March 31, 2011
\$ 1.60	May 22, 2013	1,809,500	85,000	1,724,500
\$ 0.83	April 9, 2011	139,321	139,321	-
\$ 0.90	November 16, 2012	2,600,000	1,320,000	1,280,000
\$ 1.75	December 30, 2011	6,000,000	-	6,000,000
		10,548,821	1,544,321	9,004,500

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## 12. Earnings Per Share:

### Basic earnings (loss) per share:

The calculation of basic earnings (loss) per share at March 31, 2011 was based on the profit attributable to common shareholders of \$1.8 million (March 31, 2010 – \$1.6 million loss) and a weighted average number of shares outstanding of 140,360,510 shares (March 31, 2010 – 126,413,878 shares), calculated as follows:

	MAR 31 2011	MAR 31 2010
<b>Basic earnings (loss) per share:</b>		
Net profit (loss) attributable to common Shareholders	\$ 1,828	\$ (1,610)
Weighted average number of common Shares outstanding	140,361	126,414
<b>Basic net earnings (loss) per share</b>	<b>\$ 0.01</b>	<b>\$ (0.01)</b>

### Diluted earnings (loss) per share:

The calculation of diluted earnings (loss) per share at March 31, 2011 was based on the profit attributable to common shareholders of \$1.8 million (March 31, 2010 - \$1.6 million loss) and a weighted average number of shares outstanding after adjustments for the dilutive effects of all dilutive common share options and warrants (2011 - 4.6 million; 2010 – nil), calculated as follows:

	MAR 31 2011	MAR 31 2010
<b>Diluted earnings (loss) per share:</b>		
Net profit (loss) attributable to common shareholders	\$ 1,828	\$ (1,610)
Weighted average number of common Shares outstanding	140,361	126,414
Dilutive effect of warrants	2,684	-
Dilutive effect of stock options	1,881	-
Weighted average number of common Shares outstanding	144,926	126,414
<b>Diluted net earnings (loss) per share</b>	<b>\$ 0.01</b>	<b>\$ (0.01)</b>

Excluded from the computation of diluted earnings (loss) per share were options outstanding on 410,277 shares with an average exercise price greater than the average market price of the Company's common shares.

For the period ended March 31, 2010, there was no effect of applying the treasury-stock method to the weighted average number of shares outstanding as all of the options and warrants were anti-dilutive.

## 13. Financial Instruments:

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The Board of Directors has responsibility to ensure that an adequate financial risk management policy is established and to approve the policy.

The Company's Audit Committee oversees Management's compliance with the Company's financial risk management policy, approves financial risk management programs, and receives and reviews reports on management compliance with the policy.

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#### The types of risk exposures and the way in which such exposures are managed are as follows:

**Credit Risk** – The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents, receivables, and commodity and currency instruments. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents and reclamation deposits with high-credit quality financial institutions. Sales of precious metals are to entities considered to be credit worthy.

**Liquidity Risk** – The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. At current gold prices, the Company believes cash flows will be sufficient to fund the continued exploration at Madsen and ongoing capital improvements at the Seabee properties. The Company's cash is invested in business accounts with quality financial institutions and is available on demand for the Company's programs.

**Market Risk** – Market risk is the potential for loss from adverse changes in the market value of financial instruments. The level of market risk that the Company is exposed to varies depending on the composition of its derivative instrument portfolio, as well as current and expected market conditions. The significant market risk exposures to which the Company is exposed are Foreign exchange risk, Commodity price and Interest rate risk. These are discussed further below:

**Foreign exchange risk** – The Company's revenues from the production and sale of gold are denominated in U.S. dollars. However, the Company's operating expenses are primarily incurred in Canadian dollars and its liabilities are primarily denominated in Canadian dollars. The results of the Company's operations are subject to currency risks. The operating results and financial position of the Company are reported in Canadian dollars in the Company's consolidated financial statements.

The fluctuation of the U.S. dollar in relation to the Canadian dollar will consequently have an impact on the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. At March 31, 2011, a \$0.01 movement in the US\$/CDN\$ exchange rate, profit from gold sales and cash flow will have a corresponding movement of \$0.5 million, or \$0.00 per share.

**Interest rate risk** – In respect to the Company's financial assets, the interest rate risk mainly arises from the interest rate impact on our cash and cash equivalents, reclamation deposits and debt. In respect to financial liabilities, one of the Company's demand loans carries a floating interest rate with the balance of Company debt at fixed interest rates. When possible, the Company will fix its interest costs to avoid variations in cash flows. Due to the greater proportion of fixed rate debt, a one percent change in interest rates would not materially impact earnings or cash flows.

**Commodity price risk** – The value of the Company's mineral resources is related to the price of gold and the outlook for this mineral. Gold and precious metal prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and certain other factors related specifically to gold. The profitability of the Company's operations is highly correlated to the market price of gold. If the gold price declines below the cost of production at the Company's operations, for a prolonged period of time, it may not be economically feasible to continue production.

At March 31, 2011, a U.S. \$10 movement in gold price per ounce, earnings and cash flow will have a corresponding movement of CDN \$0.4 million, or \$0.00 per share.

**Fair Value** - The Company has various financial instruments comprised of cash and cash equivalents, receivables, restricted promissory notes, reclamation deposits, accounts payable and accrued liabilities, short term debt and royalty obligations.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

**Level 1** – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

**Level 2** – Values based on quoted prices in markets that are not active or model inputs that are observable either

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directly or indirectly for substantially the full term of the asset or liability.

**Level 3** – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

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

	March 31 2011		December 31 2010	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<b>Loans and receivables</b>				
Cash and cash equivalents <sup>(1)</sup>	2,358	2,358	6,401	6,401
Restricted cash <sup>(1)</sup>	-	-	4,389	4,389
Accounts receivable <sup>(1)</sup>	3,074	3,074	2,716	2,716
Interest receivable on restricted promissory note <sup>(1)</sup>	683	683	4,904	4,904
Restricted promissory note <sup>(2)</sup>	n/a	n/a	n/a	n/a
<b>Available-for-sale financial assets</b>				
Investments <sup>(3)</sup>	2,357	2,357	4,328	4,328
<b>Held-to-maturity</b>				
Reclamation deposits <sup>(1)</sup>	2,277	2,277	2,277	2,277
<b>Other financial liabilities</b>				
Demand loans <sup>(1)</sup>	2,019	2,019	2,499	2,499
Accounts payable <sup>(1)</sup>	17,728	17,728	5,678	5,678
Interest payable on royalty obligations <sup>(1)</sup>	664	664	4,770	4,770
Royalty obligations <sup>(2)</sup>	84,886	84,886	84,220	84,220
Debenture <sup>(3)</sup>	9,307	9,751	9,344	9,838
Gold forward contract <sup>(4)</sup>	-	-	(257)	(257)

<sup>(1)</sup> Due to the nature and or short maturity of these financial instruments, carrying value approximates fair value

<sup>(2)</sup> The cash flows associated with the Restricted promissory notes and Royalty obligations match. Due to the lack of comparable market information, the fair value of these instruments is not determinable

<sup>(3)</sup> Based on quoted market prices – Level 1

<sup>(4)</sup> Based on models with observable inputs – Level 2

## 14. Capital Management:

The Company's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can provide adequate returns to shareholders and benefits to other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets or incur debt. The Company is not subject to externally imposed capital requirements.

The Company utilizes a combination of short-term and long term debt and equity to finance its operations and exploration. The Company's capital structure at March 31, 2011 was as follows:

	MAR 31 2011	DEC 31 2010
Demand loan # 1 (Note 10(a))	\$ 417	\$ 667
Demand loan # 2 (Note 10(a))	1,602	1,832
Debenture (Note 10(b))	9,307	9,344
Total debt	11,326	11,843
Less: cash, cash equivalents, and restricted cash <sup>(1)</sup>	2,358	10,790
Net debt	8,968	1,053
Shareholders' equity	107,481	105,426
Total capital	\$ 116,449	\$ 106,479

<sup>(1)</sup> 2010 balance includes restricted cash of \$4.4 million; as at March 31, 2011, no amounts were restricted.

## **Claude Resources Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

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Short-term debt facilities include access to a \$3.5 million operating line of credit which was not drawn upon at March 31, 2011. The Company is bound by and has met all covenants on these credit facilities.

#### **15. Determination of Fair Values:**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

##### **Derivatives**

The fair value of forward exchange contracts is based on their listed market price. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company entity and counterparty when appropriate.

##### **Share-based payment transactions**

The fair value of the employee share purchase plan and the fair value of the stock options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior) and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

#### **16. Subsequent Event:**

##### **Equity Issue**

On May 4, 2011, the Company completed the private placement offering previously announced on April 6, 2011. The offering consisted of the issuance of 20,000,000 common shares of the Company, on a bought deal basis, at a price of \$2.50 per Share; in addition, the underwriters of the offering exercised their over-allotment option in respect of an additional 3,000,000 common shares at a price of \$2.50 per common share. The aggregate gross proceeds raised under the offering was \$57.5 million (net proceeds of approximately \$54.2 million).

##### **Warrant Exercise**

Subsequent to March 31, 2011, a total of 31,300 common share purchase warrants expiring on May 22, 2013 were exercised for gross proceeds of \$0.05 million.

##### **Stock Option Grant**

Subsequent to March 31, 2011, a total of 1,435,000 stock options were granted to Management and certain Employees.

#### **17. Explanation of Transition to IFRS:**

These condensed consolidated interim financial statements for the period ended March 31, 2011 are the Company's first financial statements prepared under IFRS. For all accounting periods prior to this, the Company prepared its financial statements under Canadian GAAP. In accordance with IFRS 1, *First time adoption of IFRS*, certain disclosures relating to the transition to IFRS are given in this note. These disclosures are prepared under IFRS as set out in the basis of preparation in Note 2.

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. However, IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principal of retrospective restatement. The IFRS 1 exemptions and exceptions utilized by the Company in its conversion from Canadian GAAP to IFRS are as follows:

## **Claude Resources Inc.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

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#### **IFRS 3 Business Combinations**

This standard has not been applied to acquisitions of subsidiaries that occurred before January 1, 2010, the Company's transition date. Claude has applied IFRS 3 prospectively to all business combinations that occurred before the transition date, except as required under IFRS 1.

#### **IFRS 2 Share-based Payments**

The Company has applied IFRS 2 to all equity instruments granted after November 7, 2002 that had not vested as of January 1, 2010, and to all liabilities arising from share-based payment transactions that existed at January 1, 2010.

#### **IAS 23 Borrowing Costs**

The Company has applied IAS 23 retrospectively and has capitalized borrowing costs as part of the cost of a qualifying asset on the date when borrowing costs were incurred (the "commencement date").

#### **IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities**

The Company has elected to apply the available exemption from full retrospective application of Asset retirement obligations, as allowed under IFRS 1, and has therefore adopted IFRIC 1 prospectively at the Company's transition date of January 1, 2010.

## Claude Resources Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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## 17. Explanation of Transition to IFRS (continued)

### Reconciliation of equity

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with respect to recognition, measurement and disclosure. The restatement from Canadian GAAP to IFRS had no significant effect on the reported cash flows generated by the Company. The reconciling items between Canadian GAAP presentation and IFRS presentation have no net effect on the cash flows generated. However, adoption of IFRS resulted in changes to Claude's Statement of Financial Position, Statement of Income (Loss) and Statement of Changes in Equity as set out below:

	Previous Canadian GAAP	Effect of Transition To IFRS	IFRS	Previous Canadian GAAP	Effect of Transition To IFRS	IFRS	Previous Canadian GAAP	Effect of Transition To IFRS	IFRS
<i>Notes</i>	January 1, 2010			March 31, 2010			December 31, 2010		
<b>Assets</b>									
Cash and cash equivalents	11,948	-	11,948	4,562	-	4,562	6,401	-	6,401
Restricted cash	-	-	-	-	-	-	4,389	-	4,389
Accounts receivable	4,806	-	4,806	3,261	-	3,261	2,716	-	2,716
Interest receivable on restricted promissory notes	4,866	-	4,866	677	-	677	4,904	-	4,904
Inventories	(a) 11,448	-	11,448	18,648	(57)	18,591	9,241	42	9,283
Shrinkage stope platform costs	(a) 11,293	(11,293)	-	12,430	(12,430)	-	11,199	(11,199)	-
Prepays	327	-	327	164	-	164	496	-	496
Assets related to discontinued operation	(b) 570	4,505	5,075	329	4,492	4,821	-	-	-
<b>Current assets</b>	<b>45,258</b>	<b>(6,788)</b>	<b>38,470</b>	<b>40,071</b>	<b>(7,995)</b>	<b>32,076</b>	<b>39,346</b>	<b>(11,157)</b>	<b>28,189</b>
Mineral properties	(c) 94,170	(13,104)	81,066	99,355	(12,125)	87,230	116,336	(9,857)	106,479
Assets related to discontinued operation	(b) 4,505	(4,505)	-	4,492	(4,492)	-	-	-	-
Investments	643	-	643	1,451	-	1,451	4,328	-	4,328
Deposits for reclamation costs	2,277	-	2,277	2,277	-	2,277	2,277	-	2,277
Restricted promissory notes	82,568	-	82,568	83,219	-	83,219	83,219	-	83,219
<b>Non-current assets</b>	<b>184,163</b>	<b>(17,609)</b>	<b>166,554</b>	<b>190,794</b>	<b>(16,617)</b>	<b>174,177</b>	<b>206,160</b>	<b>(9,857)</b>	<b>196,303</b>
<b>Total assets</b>	<b>229,421</b>	<b>(24,397)</b>	<b>205,024</b>	<b>230,865</b>	<b>(24,612)</b>	<b>206,253</b>	<b>245,506</b>	<b>(21,014)</b>	<b>224,492</b>

## Claude Resources Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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## 17. Explanation of Transition to IFRS (continued)

### Reconciliation of equity (continued)

	<i>Notes</i>	Previous Canadian GAAP	Effect of Transition To IFRS January 1, 2010	IFRS	Previous Canadian GAAP	Effect of Transition To IFRS March 31, 2010	IFRS	Previous Canadian GAAP	Effect of Transition To IFRS December 31, 2010	IFRS
<b>Liabilities</b>										
Accounts payable and accrued liabilities	(e)(f)	4,100	326	4,426	10,749	(14)	10,735	5,537	(116)	5,421
Interest payable on royalty obligations		4,729	-	4,729	658	-	658	4,770	-	4,770
Demand loans		4,586	-	4,586	3,924	-	3,924	2,499	-	2,499
Liabilities related to discontinued operation	(b)(d)	370	162	532	174	159	333	-	-	-
Other liabilities		2,942	-	2,942	3,306	-	3,306	2,634	-	2,634
<b>Current liabilities</b>		<b>16,727</b>	<b>488</b>	<b>17,215</b>	<b>18,811</b>	<b>145</b>	<b>18,956</b>	<b>15,440</b>	<b>(116)</b>	<b>15,324</b>
Finance leases		1,240	-	1,240	1,985	-	1,985	873	-	873
Debenture		9,192	-	9,192	9,221	-	9,221	9,257	-	9,257
Royalty obligations		83,554	-	83,554	84,220	-	84,220	84,220	-	84,220
Deferred revenue		5,531	-	5,531	5,308	-	5,308	4,582	-	4,582
Liabilities related to discontinued operation	(b)	117	(117)	-	118	(118)	-	-	-	-
Asset retirement obligations	(d)	2,965	569	3,534	2,652	508	3,160	4,221	589	4,810
Deferred tax liability	(g)	-	-	-	-	-	-	1,975	(1,975)	-
<b>Non-current liabilities</b>		<b>102,599</b>	<b>452</b>	<b>103,051</b>	<b>103,504</b>	<b>390</b>	<b>103,894</b>	<b>105,128</b>	<b>(1,386)</b>	<b>103,742</b>
<b>Shareholders' equity</b>										
Share capital	(e)(g)	111,957	3,502	115,459	110,592	5,113	115,705	117,974	5,053	123,027
Contributed surplus	(f)	2,465	115	2,580	2,404	126	2,530	2,754	232	2,986
Retained earnings (deficit)	(i)	(4,361)	(28,954)	(33,315)	(4,539)	(30,386)	(34,925)	1,457	(25,221)	(23,764)
Accumulated other comprehensive income (loss)	(g)	34	-	34	93	-	93	2,753	424	3,177
<b>Total shareholders' equity</b>		<b>110,095</b>	<b>(25,337)</b>	<b>84,758</b>	<b>108,550</b>	<b>(25,147)</b>	<b>83,403</b>	<b>124,938</b>	<b>(19,512)</b>	<b>105,426</b>
<b>Total liabilities and shareholders' equity</b>		<b>229,421</b>	<b>(24,397)</b>	<b>205,024</b>	<b>230,865</b>	<b>(24,612)</b>	<b>206,253</b>	<b>245,506</b>	<b>(21,014)</b>	<b>224,492</b>

**Claude Resources Inc.****Notes to the Condensed Consolidated Interim Financial Statements**

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**17. Explanation of Transition to IFRS (continued)****Reconciliation of income (loss) for the period ended March 31, 2010**

	<i>Notes</i>	<b>Previous Canadian GAAP</b>	<b>Effect of Transition To IFRS</b>	<b>IFRS</b>
<b>Revenue</b>		10,200	-	10,200
<b>Mine Operating Costs:</b>				
Production costs	(a)	7,566	842	8,408
Depreciation and depletion	(c)(h)	3,763	(681)	3,082
		11,329	161	11,490
Profit (loss) from mining operations		(1,129)	(161)	(1,290)
General and administrative	(f)	1,145	(2)	1,143
Finance expense	(d)(h)	-	250	250
Other income	(d)(e)(h)	(199)	(588)	(787)
		946	(340)	606
<b>Loss from continuing operations before income taxes</b>		(2,075)	179	(1,896)
Income tax recovery	(e)	1,611	(1,611)	-
<b>Profit from discontinued operation</b>		286	-	286
<b>Net loss</b>		(178)	(1,432)	(1,610)
Net loss per share				
Basic and diluted				
From continuing operations		(0.00)		(0.01)
Net loss		(0.00)		(0.01)
Weighted average number of common shares outstanding (000's)				
Basic		126,414		126,414
Diluted		126,414		126,414

**Reconciliation of comprehensive income (loss) for the period ended March 31, 2010**

	<b>Previous Canadian GAAP</b>	<b>Effect of Transition To IFRS</b>	<b>IFRS</b>
<b>Net profit (loss)</b>	(178)	(1,432)	(1,610)
Other comprehensive loss			
Unrealized gain on available-for-sale securities	59	-	59
<b>Total comprehensive loss</b>	(119)	(1,432)	(1,551)

## Claude Resources Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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## 17. Explanation of Transition to IFRS (continued)

### Reconciliation of income (loss) for the year ended December 31, 2010

	<i>Notes</i>	Previous Canadian GAAP	Effect of Transition To IFRS	IFRS
<b>Revenue</b>		55,998	-	55,998
<b>Mine Operating Costs:</b>				
Production costs	(a)	31,364	(147)	31,217
Depreciation and depletion	(c)(h)	14,617	(3,374)	11,243
		45,981	(3,521)	42,460
Profit from mining operations		10,017	3,521	13,538
General and administrative		5,213	-	5,213
Finance expense	(d)(h)	-	1,045	1,045
Other income	(d)(e)(h)	285	(1,279)	(994)
Loss on investments		207	-	207
		5,705	(234)	5,471
<b>Net profit from continuing operations</b>		4,312	3,755	8,067
<b>Profit from discontinued operation</b>	(d)	1,506	(22)	1,484
<b>Net profit</b>		5,818	3,733	9,551
Net earnings per share				
Basic and diluted				
From continuing operations		0.03		0.06
Net earnings		0.04		0.07
Weighted average number of common shares outstanding (000's)				
Basic		131,193		131,193
Diluted		133,411		133,411

### Reconciliation of comprehensive income (loss) for the year ended December 31, 2010

	Previous Canadian GAAP	Effect of Transition To IFRS	IFRS
<b>Net profit</b>	5,818	3,733	9,551
Other comprehensive income			
Losses on available-for-sale securities transferred to net profit	176	31	207
Unrealized gain on available-for-sale securities	2,543	393	2,936
Other comprehensive income	2,719	424	3,143
<b>Total comprehensive income</b>	8,537	4,157	12,694

## Claude Resources Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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## 17. Explanation of Transition to IFRS (continued)

### Notes to the reconciliations

#### (a) Shrinkage Stope Platform Costs

The Company utilizes the shrinkage stope and long-hole mining methods to mine its ore body at the Seabee Gold Operation. Under its previous GAAP, the Company deferred these costs (which included labour, equipment and overhead) until the related ore was transferred to the mine surface. Once the ore was transported to the surface, the costs were reclassified to inventory and charged to operating costs upon sale. The operating cycle of this process did not exceed 12 months. Under IFRS and according to the nature of these costs, the Company is accounting for these costs as variable production costs that are directly attributable to the conversion of gold ore. The impact of applying this policy is as follows:

Consolidated Statements of Financial Position:

	JAN 1 2010	MAR 31 2010	DEC 31 2010
Increase (decrease) in Inventories	\$ -	\$ (57)	\$ 42
Decrease in Shrinkage stope platform costs	(11,293)	(12,430)	(11,199)
Decrease in Retained earnings	\$ (11,293)	\$ (12,487)	\$ (11,157)

Consolidated Statements of Income:

	MAR 31 2010	DEC 31 2010
Increase (Decrease) in Production costs	\$ 842	\$ (147)

#### (b) Discontinued operation

Under the Company's previous GAAP, long-lived assets classified as held for sale were classified in separate current and long term portions. Under IFRS, non-current assets and liabilities of disposal groups classified as held for sale are classified as current in the statement of financial position as they are expected to be realized within 12 months of the date of classification as held for sale or distribution. This difference has resulted in the reclassification of non-current assets and liabilities related to the Company's discontinued operation from non-current to current, with no income or retained earnings impact.

#### (c) Impairment of Non-Financial Assets

Under the Company's previous GAAP, impairment of long-lived assets was assessed on the basis of an asset's estimated undiscounted future cash flows compared with the asset's carrying amount and if impairment is indicated, discounted cash flows are prepared to quantify the amount of the impairment. Under IFRS, impairment is assessed based on discounted cash flows compared with the asset's carrying amount to determine the recoverable amount and measure the amount of the impairment.

This difference in accounting for asset impairment could lead to greater volatility in the Company's reported earnings in future periods. The value-in-use test uses discounted future cash flows, thereby increasing the likelihood of asset impairment relative to the undiscounted cash flow test applied under the Company's former GAAP. Furthermore, IFRS requires companies to reverse impairment losses (for everything except goodwill) if an impairment is reduced due to a change in circumstances. The Company's former GAAP does not allow companies to reverse impairment losses.

Upon transition to IFRS, the Company tested its Seabee Gold Mine for impairment using the one-step approach prescribed by International Accounting Standard 36 ("IAS 36"), *Impairment of Assets*. The carrying value of the asset was compared against the value in use. A transition difference of \$13.1 million was calculated and charged to retained earnings.

## Claude Resources Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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## 17. Explanation of Transition to IFRS (continued)

### Notes to the reconciliations (continued)

The impact of this change decreased retained earnings as follows:

Consolidated Statements of Financial Position:

	JAN 1 2010	MAR 31 2010	DEC 31 2010
Decrease in Mineral properties	\$ (13,104)	\$ (12,125)	\$ (9,857)
Decrease in Retained earnings	\$ (13,104)	\$ (12,125)	\$ (9,857)

Consolidated Statements of Income:

	MAR 31 2010	DEC 31 2010
Decrease in Depreciation and depletion	\$ (633)	\$ (3,089)

#### (d) Asset Retirement Obligations

Under its previous GAAP, the fair value of the liability relating to the Company's asset retirement obligations was recorded in the period in which it was incurred, discounted to its present value using the Company's credit adjusted risk-free interest rate and the corresponding amount was recognized by increasing the carrying amount of the related long-lived asset. The liability was then accreted and the capitalized cost depreciated over the useful life of the related asset.

Under IFRS, the Company must recognize a liability at the time when it becomes legally or constructively obliged to rehabilitate a disturbance resulting from mining activities; IFRS also requires re-measurement of the liability at each reporting date. In addition, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), requires the re-measurement of the provision for reclamation and rehabilitation if there is a change in the current market-based discount rate. Under IFRS, discount rates used should reflect the risks specific to the decommissioning provision; a risk-free rate is used when the estimated future costs take into consideration related risks.

Under IFRS 1, Claude has elected not to retrospectively recalculate the effect of each change in its reclamation provision prior to January 1, 2010. Instead, the liability and related assets and depreciation were measured as at the date of transition.

Upon transition to IFRS, the Company recalculated its Asset retirement obligation utilizing the guidance of IAS 37. A transition difference of \$0.6 million was booked to the Company's asset retirement obligation and retained earnings accounts.

Consolidated Statements of Financial Position:

	JAN 1 2010	MAR 31 2010	DEC 31 2010
Increase in Asset retirement obligations			
Gold operation	\$ 569	\$ 508	\$ 589
Discontinued operation	45	41	-
Decrease in Retained earnings	\$ 614	\$ 549	\$ 589

## Claude Resources Inc.

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## 17. Explanation of Transition to IFRS (continued)

### Notes to the reconciliations (continued)

Consolidated Statements of Income:

	MAR 31	DEC 31
	2010	2010
Decrease in Finance expense	\$ (20)	\$ (90)
Increase in Other income	(40)	(103)
Decrease in Profit from Discontinued operation	-	22
	\$ (60)	\$ (171)

#### (e) Share Capital

##### **Flow-through shares**

The Company, from time to time, finances a portion of its exploration activities through the issue of flow-through shares. Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under the Company's previous GAAP; however, there is no equivalent guidance under IFRS. Flow-through securities are securities of the Company which meet certain criteria and qualify for flow-through tax treatment for the purposes of the Income Tax Act (Canada) ("ITA"). Qualification as a "flow-through share" enables the Company to renounce certain eligible resource expenditures incurred by the Company for the benefit of any investor who is a Canadian taxpayer. Once issued, the shares are common shares of the Company and are not differentiated from shares which were not flow-through shares.

Under the ITA, companies are permitted to issue flow-through shares pursuant to a written agreement under which the issuer agrees to incur certain eligible Canadian exploration expenses within the time frame specified in the agreement (generally 12 to 24 months) and to flow-through or "renounce" the related tax deduction to the investor. The proceeds from the issuance of flow-through shares must be expended on "qualifying expenditures," which are related to mineral exploration in Canada and the Company recorded the future tax liability associated with the issuance of flow-through shares as a reduction in share capital at the time of renouncement of the related tax deduction.

Under its previous GAAP, the Company recorded the tax cost of expenditures renounced to subscribers on the date the deductions were renounced to the subscribers. Under this treatment, share capital was reduced and future income tax liabilities were increased by the tax cost of expenditures renounced to the subscribers and the Company had unrecorded tax benefits on loss carryforwards and tax pools in excess of book values available for deduction against which a valuation allowance has been provided. In these circumstances, the future tax liability reduced the valuation allowance and that reduction was recognized in earnings.

The premium paid for flow through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made.

Under IFRS, a liability for the difference between the proceeds received and the market price of the Company's shares on the date of the transaction (the "premium") is recorded. Once the expenditures are renounced, the Company will record the tax liability associated with the renouncement of the tax benefits and remove the liability originally set up. Any difference between the deferred tax liability and the original liability set up will go through profit or loss.

Under IFRS, the proceeds from the issuance of flow-through shares should be allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference between the issue price of flow-through shares and the fair value of the shares at the date of issuance. A liability is recorded for this difference and is reversed when tax benefits are renounced. To the extent that the Company has available tax pools for which a full valuation allowance has been provided, the premium is recognized in earnings as a reduction in the valuation allowance at the time of renunciation of the tax pools. Under Canadian GAAP, share capital is reduced and future income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the subscribers, except to the extent that the Company had unrecorded loss

## Claude Resources Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

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## 17. Explanation of Transition to IFRS (continued)

### Notes to the reconciliations (continued)

carryforwards and tax pools in excess of book value available for deduction against which a valuation allowance had been provided.

Upon transition to IFRS at January 1, 2010, the difference between these two approaches resulted in a \$3.5 million increase to share capital and a corresponding decrease in retained earnings.

Consolidated Statements of Financial Position:

	JAN 1 2010	MAR 31 2010	DEC 31 2010
Increase in Accounts payable	\$ 326	\$ -	\$ -
Decrease in Retained earnings	\$ 326	\$ -	\$ -

	JAN 1 2010	MAR 31 2010	DEC 31 2010
Increase in Share capital			
Adjustment for flow-through shares	\$ 7,964	\$ 7,964	\$ 7,964
Adjustment for flow-through share premiums	(4,462)	(4,462)	(4,462)
Reversal of renunciation of income taxes on flow-through shares	-	1,611	1,611
Decrease in Retained earnings	\$ 3,502	\$ 5,113	\$ 5,113

Consolidated Statements of Income:

	MAR 31 2010	DEC 31 2010
Increase in Other income	\$ 326	\$ 326
Decrease in Income tax recovery	(1,611)	-
Total adjustment	\$ (1,285)	\$ 326

#### (f) Stock Compensation

There is an option to apply IFRS 2, Share-Based Payments, to all equity instruments granted on or before November 7, 2002, and to those granted after November 7, 2002 only if they had not vested by the transition date.

The Company has applied IFRS 2 to all equity instruments granted after November 7, 2002 that had not vested as of January 1, 2010, and to all liabilities arising from share-based payment transactions that existed at January 1, 2010.

IFRS 2 was applied for applicable unvested stock options granted prior to the transition date of January 1, 2010. Consequently, as a result of the difference in measurement of the equity-settled share-based compensation at January 1, 2010, which IFRS require different measurement for stock options that have graded vesting features compared with Canadian GAAP that value the stock options as a single grant, an adjustment of \$0.1 million was recorded to decrease opening retained earnings with offset to contributed surplus. The impact of this change impacted Accounts payable and contributed surplus as follows:

## Claude Resources Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended March 31, 2011 and 2010

Expressed in Thousands of Canadian Dollars, except as otherwise noted

## 17. Explanation of Transition to IFRS (continued)

### Notes to the reconciliations (continued)

Consolidated Statements of Financial Position:

	JAN 1 2010	MAR 31 2010	DEC 31 2010
Decrease in Accounts payable	\$ -	\$ (14)	\$ (116)
Increase in Retained earnings	\$ -	\$ (14)	\$ (116)
Increase in Contributed surplus	\$ 115	\$ 126	\$ 232
Decrease in Retained earnings	\$ 115	\$ 126	\$ 232

Consolidated Statements of Income:

	MAR 31 2010	DEC 31 2010
Decrease in General and administrative	\$ (2)	\$ -
Total adjustment	\$ (2)	\$ -

#### (g) Deferred Tax Liability

The following changes decreased the deferred tax liability due to other changes under IFRS.

Consolidated Statements of Financial Position:

	JAN 1 2010	MAR 31 2010	DEC 31 2010
Decrease in Share capital	\$ -	\$ -	\$ (60)
Increase in Other comprehensive income	-	-	424
Increase in Share capital	-	-	1,611
Decrease in Deferred tax liability	\$ -	\$ -	\$ (1,975)

#### (h) Presentation changes

The transition to IFRS resulted in numerous financial statement presentation changes, most noticeably on the statements of income. These reclassifications have been identified in the reconciliations contained within this note and have no impact on the final equity position of the Company. The changes are listed below:

Consolidated Statements of Income:

	MAR 31 2010	DEC 31 2010
Decrease in Depreciation and depletion	\$ (48)	\$ (285)
Increase in Finance expense	270	1,135
Increase in Other income	(222)	(850)
	\$ -	\$ -

#### (i) Retained Earnings (Deficit) Adjustments

The above changes decreased (increased) retained earnings as follows:

## Claude Resources Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended March 31, 2011 and 2010

Expressed in Thousands of Canadian Dollars, except as otherwise noted

## 17. Explanation of Transition to IFRS (continued)

### Notes to the reconciliations (continued)

	<i>Notes</i>	JAN 1 2010	MAR 31 2010	DEC 31 2010
Inventories	(a)	-	57	(42)
Shrinkage stope platform costs	(a)	11,293	12,430	11,199
Mineral properties	(c)	13,104	12,125	9,857
Accounts payable and accrued liabilities	(e)(f)	326	(14)	(116)
Asset retirement obligations	(d)	614	549	589
Deferred tax liability	(g)	-	-	(1,611)
Share capital	(e)	3,502	5,113	5,113
Contributed surplus	(f)	115	126	232
<b>Total Adjustment under IFRS - Retained earnings (deficit)</b>		<b>28,954</b>	<b>30,386</b>	<b>25,221</b>

#### (j) Reclassifications

Certain prior period amounts have been reclassified to conform to the current period's financial statement presentation.