Interim financial statements of

Pacific Harbour Capital Ltd.

Three and six months ended September 30, 2010
(Unaudited)

Pacific Harbour Capital Ltd.

Balance sheets

(Expressed in Canadian dollars)
(unaudited)

	September 30, 2010	March 31, 2010
Assets		
Current assets		
Cash and cash equivalents	**$ 2,919,868**	$ 194,169
Marketable securities (Note 3)	**25,752**	20,000
Receivables	**4,758**	-
Prepaid expenses and deposits	**20,815**	21,266
	2,971,193	235,435
Investments	**100,056**	100,056
Equipment, net (Note 4)	**8,069**	9,269
	$ 3,079,318	$ 344,760
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 13,964**	$ 24,644
Shareholders' equity		
Share capital (Note 5(b))	**10,586,166**	7,616,876
Contributed surplus (Note 5(b))	**422,733**	422,733
Deficit	**(7,943,545)**	(7,719,493)
	3,065,354	320,116
	$ 3,079,318	$ 344,760

Nature and continuance of operations (Note 1)
Subsequent events (Note 5(c) and Note 9)

Approved by the Board:

" Gregg Sedun " Director

" Gordon Keep " Director

Pacific Harbour Capital Ltd.

Statements of operations, comprehensive loss and deficit

(Expressed in Canadian dollars)
(unaudited)

	Three months ended September 30, 2010	Three months ended September 30, 2009	Six months ended September 30, 2010	Six months ended September 30, 2009
Expenses				
Amortization	**$ 600**	$ 824	**$ 1,200**	$ 1,648
Consulting and management	**24,445**	6,000	**37,000**	12,000
License and insurance	**-**	-	**2,084**	2,043
Office and general	**6,481**	3,151	**10,465**	1,780
Professional fees	**30,628**	9,292	**31,255**	17,293
Rent and utilities	**24,732**	24,614	**48,928**	48,723
Transfer agent and regulatory	**8,867**	8,537	**10,291**	9,400
Wages and benefits	**75,909**	17,821	**94,148**	36,028
	171,662	70,239	**235,371**	128,915
Other items				
Interest income	**4,714**	2,550	**5,569**	5,100
Loss on disposal of marketable securities	**-**	(7,181)	**-**	(7,181)
Unrealized gain on marketable securities	**10,500**	17,400	**5,750**	23,793
Net loss and comprehensive loss for the period	**(156,448)**	(57,470)	**(224,052)**	(107,203)
Deficit, beginning of period	**(7,787,097)**	(7,515,488)	**(7,719,493)**	(7,465,755)
Deficit, end of period	**$ (7,943,545)**	$ (7,572,958)	**$ (7,943,545)**	$ (7,572,958)
Loss per common share - basic and diluted	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding	**47,247,703**	7,247,703	**32,165,736**	7,247,703

Pacific Harbour Capital Ltd.

Statements of cash flows

(Expressed in Canadian dollars)
(unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2010	2009	**2010**	2009
Operating activities				
Net loss for the period	**$ (156,448)**	$ (57,470)	**$ (224,052)**	$ (107,203)
Items not involving cash:				
Amortization	**600**	824	**1,200**	1,648
Loss on disposal of marketable securities	**-**	7,181	**-**	7,181
Unrealized gain on marketable securities	**(10,500)**	(17,400)	**(5,750)**	(23,793)
Net changes in non-cash working capital balances:				
Prepaid expenses and deposits	**(8,248)**	-	**448**	8,504
Receivables	**(4,758)**	-	**(4,758)**	-
Accounts payable and accrued liabilities	**(24,610)**	(14,081)	**(10,680)**	(14,965)
	(203,963)	(80,946)	**(243,591)**	(128,628)
Investing activities				
Proceeds from sale of marketable securities	**-**	10,560	**-**	10,560
	-	10,560	**-**	10,560
Financing activities				
Private placement, net of issue costs	**-**	-	**2,969,290**	-
	-	-	**2,969,290**	-
Change in cash and cash equivalents during the period	**(203,963)**	(70,386)	**2,725,699**	(118,068)
Cash and cash equivalents, beginning of period	**3,123,831**	407,292	**194,169**	454,974
Cash and cash equivalents, end of period	**$ 2,919,868**	$ 336,906	**$ 2,919,868**	$ 336,906
Cash and cash equivalents are comprised of the following:				
Cash	**$ 14,788**	$ 18,974	**$ 14,788**	$ 18,974
Term deposits	**$ 2,905,080**	$ 317,932	**$ 2,905,080**	$ 317,932
	$ 2,919,868	$ 336,906	**$ 2,919,868**	$ 336,906
Supplemental cash flow information				
Interest paid	**$ -**	$ -	**$ -**	$ -
Income taxes paid	**$ -**	$ -	**$ -**	$ -

The accompanying notes are an integral part of these unaudited interim financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Pacific Harbour Capital Ltd. (the "Company") is a public company, which was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. Its common shares are traded on the TSX Venture Exchange and the OTC Bulletin Board.

The Company has entered into an agreement to acquire a 100% interest, subject to a 2% net smelter returns royalty ("NSR"), in approximately 3,000 mining claims located near Ungava Bay, Quebec, as discussed in note 9.

The Company has not generated revenues from operations. These unaudited interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company presently has sufficient financial resources to fund its current operations and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information and are expressed in Canadian dollars. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, these unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Changes in Accounting Policies Including Initial Adoption

In December 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Effective April 1, 2010, the Company early adopted all three sections without impact on these financial statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements.

Recent Accounting Pronouncements

In February 2008 the Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The IFRS transition date for the Company is April 1, 2010. The adoption of IFRS will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011.

(Expressed in Canadian dollars)

3. MARKETABLE SECURITIES AND INVESTMENTS

The Company's investments in marketable securities, classified as held-for-trading, and investments, classified as available-for-sale, are recorded at fair value. The balances outstanding for these instruments at September 30, 2010 and March 31, 2010 are as follows:

	September 30, 2010	March 31, 2010
Marketable securities		
Equity securities - held-for-trading	$ 25,752	$ 20,000
Investments		
Equity securities - available-for-sale	$ 100,056	$ 100,056

4. EQUIPMENT

	Cost	Accumulated amortization	September 30, 2010, net	March 31, 2010, net
Computer equipment	$ 39,551	$ (34,898)	$ 4,653	$ 5,475
Computer software	4,170	(4,170)	-	-
Office furniture	20,635	(17,219)	3,416	3,794
	$ 64,356	$ (56,287)	$ 8,069	$ 9,269

5. SHARE CAPITAL

(a) Authorized

Unlimited common and preferred shares without par value

(b) Issued and fully paid common shares

	Number of shares	Share Capital Amount	Contributed surplus
Balance, March 31, 2010	7,247,703	$ 7,616,876	$ 422,733
Private placement, net of issue costs	40,000,000	2,969,290	-
Balance, September 30, 2010	47,247,703	$ 10,586,166	$ 422,733

On June 9, 2010, the Company completed a private placement and issued 40,000,000 common share units at a price of $0.075 per unit for gross proceeds of $3,000,000. Each unit consisted of one common share and one transferable share purchase warrant exercisable into one share at a price of $0.10 per share for a period of two years following issuance. The Company incurred cash share issue costs in the amount of $30,710 in connection with the private placement.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

(c) Stock options

The Company has established a "rolling" stock option plan (the "Plan") in compliance with the TSX Venture Exchange's policy for granting stock options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the term of any option granted under the Plan may not exceed ten years. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. Each option vesting period is determined on a grant by grant basis.

On September 15, 2010, outstanding stock options were amended as follows:

- 125,000 options which were originally set to expire on December 7, 2010 were amended to expire June 30, 2011.
- 482,014 options which were originally set to expire on June 25, 2012 were amended to expire June 30, 2011.
- 175,000 options which were originally set to expire on March 13, 2013 were amended to expire June 30, 2011.

The following table summarizes information about the stock options outstanding at September 30, 2010:

Outstanding and exercisable		Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
352,014	$	0.24	December 7, 2010	0.2
607,014		0.24	June 30, 2011	0.7
175,000		0.27	June 30, 2011	0.7
1,134,028	$	0.24		0.6

Subsequent to September 30, 2010, 352,014 options were exercised for proceeds of $84,483.

(d) Share purchase warrants

	Number of warrants		Weighted average exercise price
Balance, March 31, 2010	-	$	-
Issued pursuant to private placement	40,000,000		0.10
Balance, September 30, 2010	40,000,000	$	0.10

5. SHARE CAPITAL (continued)

(d) Share purchase warrants

The following table summarizes information about the share purchase warrants outstanding at September 30, 2010:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
40,000,000	0.10	June 9, 2012	1.7

6. COMMITMENTS

Effective September 1, 2010, the Company entered into a financial advisory and office rental agreement with Endeavour Administration Services Ltd. ("Endeavour"). Endeavour charges $10,000 per month for the advisory services and $1,000 per month for the rent, and may also earn success fees on certain transactions. The initial term of the agreement is for one year after which it will continue in force on a month-to-month basis.

7. FINANCIAL INSTRUMENTS

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables, investments and accounts payable and accrued liabilities.

Cash and cash equivalents and marketable securities are designated as held-for-trading and carried at fair value, with the unrealized gain or loss recorded in interest income. Receivables are designated as loans and receivables and are measured at amortized cost. Investments are designated as available-for-sale and carried at fair value, with the unrealized gain or loss recorded in other comprehensive income. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The fair values of cash and cash equivalents, marketable securities, receivables, investments and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

7. FINANCIAL INSTRUMENTS

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents. The Company reduces its credit risk by maintaining its bank accounts and term deposits at a large international financial institution. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity Risk

The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. Management has concluded that the Company has adequate financial resources to settle obligations as at September 30, 2010.

Market Risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its marketable securities and investments. The Company manages market risk by investing in diverse industries and companies. The Company also has set thresholds on purchases of investments.

The Company invests surplus cash in fixed rate term deposits. It is the Company's policy to reduce interest rate risk over future cash flows through the use of fixed rate instruments.

8. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

9. SUBSEQUENT EVENTS

Acquisition of Iron Ore Mining Claims

On October 7, 2010, the Company announced that it has entered into an agreement with John Patrick Sheridan of Toronto, Ontario and Peter Ferderber of Val D'or, Quebec (collectively the "Vendors"), in which the Company is planning to acquire a 100% interest, subject to a 2% NSR, in approximately 3,000 mining claims (the "Property") located near Ungava Bay, Quebec. The Property is currently subject to a dispute between Kataria Holdings Limited, a British Virgin Islands company, Atulkumar Patel and Ramzy Abdul-Majeed, both of Dubai, UAE, (collectively the "Kataria Group") and the Vendors.

Pursuant to the acquisition agreement, the Company will acquire the Property for consideration of 30,000,000 Pacific Harbour Shares to the Vendors. Additionally, in consideration for the Vendors and the Kataria Group dismissing all legal proceedings in respect of the Property, Pacific Harbour will pay US$2 million and issue 8,000,000 common shares to the Kataria Group, of which 4,000,000 common shares will be held in escrow and only released upon receipt of an independent report under NI 43-101 which validates a resource equal to or greater than 450 million metric tonnes of 35% or higher iron content.

The completion of the acquisition is subject, but not limited, to shareholder, board and regulatory approvals, completion of the financing, granting of stock options exercisable at the minimum price as may be permitted by the TSX Venture Exchange, and the satisfactory completion of due diligence reviews by each party.

The Company has not yet finalized the accounting for the transaction but anticipates the acquisition to be accounted for as an asset acquisition and the shares issued valued at a price of approximately $0.38.

Private Placement Financings

During October 2010, the Company announced it will complete a private placement of 13,125,000 units at a price of $0.40 per unit for gross proceeds of $5,250,000. Each unit will consist of one common share and one-half of one common share purchase warrant exercisable at $0.65 per share for a period of five years.

On November 23, 2010, the Company announced it will complete a private placement of 10,450,000 flow-through units and 17,950,000 non-flow-through units at a price of $0.55 and $0.50 respectively for gross proceeds of $14,722,500. Each unit will consist of one common share and one common share purchase warrant exercisable at $1.00 per share for a period of five years.