

**TERYL RESOURCES CORP.**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2010  
(Stated in Canadian Dollars)

**Reader's Note:**

The accompanying consolidated financial statements for Teryl Resources Corp. (the "Company") for the six months ended November 30, 2010 have been prepared by management in accordance with Canadian generally accepted accounting principles. These consolidated financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. Management believes the consolidated financial statements are free of material misstatement and present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and the results of its operations and its cash flows for the six months ended November 30, 2010.

**TERYL RESOURCES CORP.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
(Stated in Canadian Dollars)

	<b>November 30</b>	May 31
	<b>2010</b>	2010
	\$	\$
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
<b>Current</b>		
Cash	<b>14,424</b>	260,150
Amounts receivable and prepaid expenses	<b>38,166</b>	40,375
	<b>52,590</b>	300,525
<b>Advances to Related Parties</b> (Note 8)	<b>144,195</b>	126,093
<b>Investments</b> (Note 4)	<b>1,458</b>	837
<b>Equipment</b> (Note 5)	<b>7,056</b>	7,941
<b>Mineral Property Interests</b> (Note 7)	<b>204,355</b>	196,855
<b>Deferred Exploration Expenditures</b> (Note 7)	<b>2,825,097</b>	2,637,853
	<b>3,234,751</b>	3,270,104
<b>LIABILITIES</b>		
<b>Current</b>		
Bank indebtedness	<b>15,462</b>	-
Accounts payable and accrued liabilities (Note 12)	<b>54,416</b>	107,394
Due to related parties (Note 8)	<b>8,576</b>	25,488
Liability component of convertible loan (Note 9)	<b>-</b>	58,730
	<b>78,454</b>	191,612
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 10)		
Authorized:		
100,000,000 common shares, voting, no par value		
5,000,000 preferred shares, non-voting, \$1 par value		
Issued and outstanding:		
68,560,946 (May 31, 2010 – 67,463,446) common shares	<b>13,605,247</b>	13,456,263
<b>Equity component of convertible loan</b> (Note 9)	<b>-</b>	14,565
<b>Share Subscriptions Received</b>	<b>229,999</b>	10,000
<b>Contributed Surplus</b>	<b>529,499</b>	550,941
<b>Accumulated Other Comprehensive Loss</b>	<b>(2,566)</b>	(3,187)
<b>Deficit</b>	<b>(11,205,882)</b>	(10,950,090)
	<b>3,156,297</b>	3,078,492
	<b>3,234,751</b>	3,270,104

**Going Concern** (Note 1) and **Subsequent Events** (Note 15)

Approved on behalf of the Board of Directors:

“John Robertson” Director

“Jennifer Lorette” Director

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

**TERYL RESOURCES CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars)  
(Unaudited)

	<b>Three months ended November 30 2010 \$</b>	Three months ended November 30 2009 \$	<b>Six months ended November 30 2010 \$</b>	Six months ended November 30 2009 \$
<b>General and Administrative Expenses</b>				
Amortization of equipment	442	578	885	1,156
Bad debts	-	(18)	-	810
Exploration	16,438	-	17,819	-
Filing and regulatory fees	6,172	6,983	11,057	8,076
Foreign exchange loss	3,081	15,853	3,493	5,836
Consulting, management and directors' fees (Note 11)	29,184	44,320	56,981	68,830
Geological consulting	50,166	-	57,199	-
Office and sundry	5,253	4,804	8,825	9,226
Office rent and utilities	3,609	5,149	6,964	8,779
Oil and gas production, royalties and other	2,662	6,829	3,902	7,008
Professional fees	9,598	16,744	15,479	21,509
Publicity, promotion and investor relations	30,188	76,867	61,176	101,079
Secretarial and employee benefits	3,893	13,596	14,164	26,086
Stock-based compensation	365	13,579	730	13,579
Telephone	1,621	3,140	5,099	4,975
Transfer agent fees	1,030	2,803	2,374	4,123
Travel, auto and entertainment	6,544	11,014	6,820	18,477
<b>Operating Loss</b>	<b>(170,246)</b>	<b>(222,241)</b>	<b>(272,967)</b>	<b>(299,549)</b>
<b>Other Income (Expenses)</b>				
Miscellaneous income	11,785	1,672	18,445	2,689
Interest expense	-	(1,771)	(1,270)	(2,382)
Exploration expenditures written off	-	6,701	-	(3,191)
	<b>11,785</b>	<b>6,602</b>	<b>17,175</b>	<b>(2,884)</b>
<b>Net Loss for the Period</b>	<b>(158,461)</b>	<b>(215,639)</b>	<b>(255,792)</b>	<b>(302,433)</b>
Unrealized gains on available-for-sale investments (Note 5)	790	141	621	314
<b>Comprehensive Loss for the Period</b>	<b>(157,671)</b>	<b>(215,498)</b>	<b>(255,171)</b>	<b>(302,119)</b>
<b>Loss per Share – Basic and Diluted</b>	<b>(0.002)</b>	<b>(0.004)</b>	<b>(0.004)</b>	<b>(0.005)</b>
<b>Weighted Average Number of Common Shares Outstanding, Basic and Diluted</b>	<b>68,472,804</b>	<b>58,852,600</b>	<b>68,526,331</b>	<b>55,816,720</b>

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

**TERYL RESOURCES CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars)  
(Unaudited)

	<b>Three months ended November 30 2010 \$</b>	Three months ended November 30 2009 \$	<b>Six months ended November 30 2010 \$</b>	Six months ended November 30 2009 \$
<b>Cash flows from operating activities</b>				
Net loss for the period	<b>(158,461)</b>	(215,639)	<b>(255,792)</b>	(302,433)
Items not affecting cash				
Amortization of equipment	<b>442</b>	578	<b>885</b>	1,156
Interest expense	-	-	<b>1,270</b>	-
Stock-based compensation	<b>365</b>	13,579	<b>730</b>	13,579
Changes in non-cash working capital items				
Amounts receivable and prepaid expenses	<b>6,133</b>	6,123	<b>2,209</b>	(10,430)
Accounts payable and accrued liabilities	<b>(8,736)</b>	(110,251)	<b>(52,981)</b>	(226,357)
	<b>(160,257)</b>	(305,610)	<b>(303,679)</b>	(524,485)
<b>Cash flows from (used in) investing activities</b>				
Deferred exploration expenditures	<b>(175,569)</b>	-	<b>(187,244)</b>	(249,664)
Recovery of mineral property costs	-	42,154	-	33,218
	<b>(175,569)</b>	42,154	<b>(187,244)</b>	(216,446)
<b>Cash flows from financing activities</b>				
Bank indebtedness	<b>15,462</b>	-	<b>15,462</b>	-
Advances from (to) related parties	<b>(6,023)</b>	(29,288)	<b>(35,014)</b>	(62,404)
Proceeds from (repayment to) convertible loan	-	-	<b>(60,000)</b>	91,363
Share issuance costs	-	(23,186)	-	(62,153)
Subscription received (net)	<b>219,999</b>	-	<b>219,999</b>	-
Share capital issued for cash	-	250,256	<b>104,750</b>	821,537
	<b>229,438</b>	197,782	<b>245,197</b>	788,343
<b>(Decrease) increase in cash</b>	<b>(95,388)</b>	(65,674)	<b>(245,726)</b>	47,412
<b>Cash, beginning of period</b>	<b>109,812</b>	119,271	<b>260,150</b>	6,185
<b>Cash, end of period</b>	<b>14,424</b>	53,597	<b>14,424</b>	53,597
<b>Supplementary disclosure of cash flow information:</b>				
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-
<b>Non-cash items</b>				
Shares issued for property	<b>7,500</b>	-	<b>7,500</b>	-

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**TERYL RESOURCES CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Stated in Canadian Dollars)  
(Unaudited)

	<u>Share Capital</u>		Share Subscriptions Received \$	Equity Component of Convertible Loan \$	Contributed Surplus \$	Accumulated Other Comprehensive Loss \$	Deficit \$	Total \$
	Number	Amount \$						
Balance, May 31, 2009	49,587,528	12,030,233	115,875	-	344,878	(3,157)	(9,530,364)	2,957,465
Unrealized loss on available-for-sale investments	-	-	-	-	-	(30)	-	(30)
Shares issued for cash upon:								
Exercise of stock options	12,500	1,250	-	-	-	-	-	1,250
Exercise of warrants	7,054,592	705,459	-	-	-	-	-	705,459
Fair value of options exercised	-	792	-	-	(792)	-	-	-
Fair value of warrants exercised	-	330,632	-	-	(330,632)	-	-	-
Subscription received	-	-	10,000	-	-	-	-	10,000
Private placements	10,808,826	967,105	(115,875)	-	-	-	-	851,230
Share issuance costs	-	(64,198)	-	-	-	-	-	(64,198)
Fair value of warrants granted	-	(515,010)	-	-	515,010	-	-	-
Equity component of convertible loan	-	-	-	14,565	-	-	-	14,565
Stock-based compensation	-	-	-	-	22,477	-	-	22,477
Net loss for the year	-	-	-	-	-	-	(1,419,726)	(1,419,726)
<b>Balance, May 31, 2010</b>	<b>67,463,446</b>	<b>13,456,263</b>	<b>10,000</b>	<b>14,565</b>	<b>550,941</b>	<b>(3,187)</b>	<b>(10,950,090)</b>	<b>3,078,492</b>
Shares issued for cash upon:								
Exercise of warrants	1,047,500	141,484	(10,000)	-	(36,737)	-	-	94,747
Shares issued for property	50,000	7,500	-	-	-	-	-	7,500
Subscription received	-	-	229,999	-	-	-	-	229,999
Equity component of convertible loan	-	-	-	(14,565)	14,565	-	-	-
Stock-based compensation	-	-	-	-	730	-	-	730
Unrealized gain on available-for-sale investments	-	-	-	-	-	621	-	621
Net loss for the period	-	-	-	-	-	-	(255,427)	(255,427)
<b>Balance, November 30, 2010</b>	<b>68,560,946</b>	<b>13,605,247</b>	<b>229,999</b>	<b>-</b>	<b>529,499</b>	<b>(2,566)</b>	<b>(11,205,517)</b>	<b>3,156,297</b>

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

**TERYL RESOURCES CORP.**  
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2010  
(Stated in Canadian Dollars)  
(Unaudited)

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Teryl Resources Corp. (the “Company”) is a public company incorporated under the British Columbia Company Act on May 23, 1980 and changed to its current name on February 28, 1984. Its shares are listed on the TSX Venture Exchange (“TSXV”). The Company makes expenditures on acquiring mineral properties and carries out exploration work. It also acquires oil and gas property interests and participates in drilling wells.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company continues to incur operating losses, has limited financial resources, limited sources of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its mineral projects by issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. As at November 30, 2010 the Company had a working capital deficit of \$25,864 (May 31, 2010 –\$108,913) and had incurred accumulated loss of \$11,205,517 (May 31, 2010- \$10,950,090). These consolidated financial statements do not include adjustments that would be necessary should it be determined that the Company may be unable to continue as a going concern.

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the balance sheet classifications used. Such adjustments could be material.

**2. BASIS OF CONSOLIDATION AND PRESENTATION**

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Company and its wholly owned subsidiaries, Argon Investment Corporation (inactive) and Teryl, Inc. Intercompany balances have been eliminated upon consolidation. These unaudited interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited financial statements of the Company as at May 31, 2010.

Certain of the figures presented for comparative purposes have been reclassified to conform to the presentation adopted in the current period.

**3. FINANCIAL INSTRUMENTS**

*Financial instruments carrying value and fair value*

The Company’s financial instruments consist of cash, receivables, investments, advances to and from related parties, and accounts payable and accrued liabilities.

Cash is designated as “held-for-trading” and measured at fair value. Receivables and advances to related parties are designated as “loans and receivables”. Investments are designated as “available-for-sale”. Advances from related parties, and accounts payable and accrued liabilities are designated as “other financial liabilities”.

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**3. FINANCIAL INSTRUMENTS (Continued)**

*Financial instruments carrying value and fair value (Continued)*

The carrying value of cash, receivables, advances to and from related parties and accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Investments are recorded at fair value based on quoted market prices at the balance sheet date.

*Foreign exchange risk*

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are denominated in US dollars. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations in exchange rates will, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

The Company currently does not enter into financial instruments to manage foreign exchange risk.

The Company is exposed to foreign currency risk through the following financial assets and liabilities denominated in currencies other than Canadian dollars:

November 30, 2010	Cash	Accounts payable and accrued liabilities
US dollars	\$ 14,424	\$ 54,416
May 31, 2010	Cash	Accounts payable and accrued liabilities
US dollars	\$ 13,065	\$ 51,879

At November 30, 2010, with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by +/- \$3,999.

*Interest rate risk*

The Company is not exposed to significant interest rate risk.

*Market risk*

The Company is exposed to market risk arising from its investments in and holdings of marketable equity securities. Marketable securities are classified as available-for-sale. The Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities. At November 30, 2010, with other variables unchanged, a +/- 10% change in equity prices would increase/decrease pre-tax loss by +/- \$146.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**3. FINANCIAL INSTRUMENTS** (Continued)

*Credit risk*

The Company is exposed to credit risk in the amount of its receivables.

*Liquidity risk*

The Company has no recent history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources, and the lack of revenues. The Company has no investments in asset backed commercial paper.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities, and from the sale of investments. There can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, the Company's track record, and the experience and calibre of its management.

*Fair Value Measurement*

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 "Financial Instruments Disclosures" requires disclosure of a three-level hierarchy for fair value measurements based upon the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data.

At November 30, 2010, the levels in the fair value hierarchy into which the Company's financial assets and liabilities measured and recognized in the balance sheet at fair value are categorized are as follows:

	Level 1	Level 2
Investments	\$ 1,458	

**4. INVESTMENTS**

At November 30 and May 31, 2010, the Company owned 15,880 common shares of Linux Gold Corp., a company with directors in common.

The Company classifies its investments as available-for-sale, with revaluation gains and losses recognized in accumulated other comprehensive income (loss) and other-than-temporary losses recognized in net income (loss). As at November 30, 2010, investments were measured at a fair value of \$1,458 (May 31, 2010 - \$837) and resulted in an unrealized gain of \$621 during the six months ended November 30, 2010 (2010 – \$314).

**TERYL RESOURCES CORP.**  
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**5. EQUIPMENT**

	<b>November 30</b>	<b>May 31</b>
	<b>2010</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Furniture and fixtures – at cost	<b>27,010</b>	27,010
Less: Accumulated amortization	<b>(21,507)</b>	(20,896)
	<b>5,503</b>	6,114
Automotive equipment – at cost	<b>15,531</b>	15,531
Less: Accumulated amortization	<b>(13,978)</b>	(13,704)
	<b>1,553</b>	1,827
	<b>7,056</b>	7,941

**6. OIL AND GAS WELL INTERESTS**

The Company owns a 6.5% working interest (4.680% net revenue interest) in the Peters No. 1 Well, in Fayette County, Texas, and a 7.5% working interest (5.79375% net revenue interest) in each of the C-S #1, Jancik #2 and Herrmann #4 wells, located in Burleson County, Texas. The carrying cost of these wells has been completely depleted.

The Company entered into agreements with IAS Energy, Inc., a company with common directors, to purchase 40% interests (subject to 40% net revenue interests to others) on May 18, 2006, in the Ken Lee #1 natural gas well for \$103,045 (\$92,500 US), on June 8, 2006, in the Elvis Farris #2 natural gas well for \$104,461 (\$92,500 US) and on July 31, 2006, in the Clarence Bright #1 natural gas well for \$104,673 (\$92,500 US). All three wells are located in Knox and Laurel Counties, Kentucky. The three wells commenced production late in 2006. During the May 31, 2008 year end, the Company wrote off the carrying costs of the wells to \$Nil, since the wells have no proven economic reserves.

**7. MINERAL PROPERTY INTERESTS**

	<b>Balance</b>		<b>Balance</b>
	<b>May 31,</b>	<b>Additions</b>	<b>November 30,</b>
	<b>2010</b>		<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Property acquisition costs			
Silverknife	1	-	<b>1</b>
Fish Creek	49,538	-	<b>49,538</b>
West Ridge	116,189	-	<b>116,189</b>
Gil Venture	31,127	-	<b>31,127</b>
Kahiltna Terrane	-	7,500	<b>7,500</b>
	<b>196,855</b>	<b>7,500</b>	<b>204,355</b>

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**7. MINERAL PROPERTY INTERESTS (Continued)**

**Silverknife, Laird, BC, Canada**

Pursuant to agreements between Reg Technologies Inc. (“Reg”), SMR Investments Ltd. (“SMR”), Rapitan Resources Inc. (“Rapitan”), and Chevron Minerals Ltd. (“Chevron”), the Company acquired a 30% working interest in the Silverknife mineral claims, situated in the Liard Mining Division in the Province of British Columbia, subject to a 10% Net Profit Royalty to Rapitan and a 1% Net Smelter Returns to SMR. Subsequent to November 30, 2010 the Company purchased the 10% NPI in the Silverknife property from Rapitan for consideration of 200,000 common shares of the Company issued on January 25, 2011. (Note 15).

The Company has written down their acquisition costs to \$1 and has written off their exploration and development expenditures entirely, since the claims are not currently being explored and have no proven economic reserves.

**Fish Creek, Fairbanks, Alaska, USA**

The Company and Linux Gold Corp. (“Linux”) entered into an agreement on March 5, 2002, whereby the Company may earn up to a 50% interest in the Fish Creek mineral claims, located in the Fairbanks district of Alaska, USA, by expending \$500,000 US within three years and issuing 200,000 common shares (issued on December 16, 2002 at \$0.08 per share). An additional 100,000 shares were issued on February 14, 2007 at \$0.16 per share in payment of an extension of the expenditure date to March 5, 2007, which was further extended to March 5, 2011. Linux will have a 5% Net Royalty Interest until the Company pays \$2,000,000 US. The Company has written off their exploration and development expenditures of \$111,947 entirely during the year ended May 31, 2010, since the claims are not currently being explored. The Company will continue to maintain the option agreement and will only commence its exploration program once more financings are available.

**Gold Hill, Cochise County, Arizona, USA**

On June 10, 2006, the Company and Frederic & John Rothermel (the “Vendors”) entered into an agreement whereby the Company purchased a 100% interest in the Gold Hill Patented Claim Group (7 claims) located in the Warren Mining District, Cochise County, Arizona, USA, that are subject to a 10% Net Profit Royalty to the Vendors, for the following considerations:

- \$5,655 (\$5,000 US) for a 90 day option and \$11,268 (\$10,000 US) to complete a due diligence within 90 days (paid),
- \$38,244 (\$36,000 US) paid during 2008 and 2007 to the Vendors, with \$6,000 US to be made each quarter (paid),
- complete a \$50,000 US first phase exploration program conducted by the Vendors,
- \$250,000 US per year upon commencement of production.

A further 28 claims were staked in the Company’s name for a cost of \$5,538 (\$5,214 US). The Company elected to terminate its agreement with the Vendors on May 31, 2008 as to the original 7 patent claims and to abandon the other 28 claims; accordingly, \$60,705 in property costs and \$213,184 in exploration costs were written off at May 31, 2008. Additional exploration expenditures of \$13,570 were written off during the year ended May 31, 2009.

**West Ridge, Dome Creek, Alaska, USA**

Pursuant to various agreements, the Company earned a 100% interest in the West Ridge mineral properties (approximately 5,200 acres) located in the Dome Creek area of the Fairbanks District of Alaska, USA. The Company has written off their exploration and development expenditures of \$661,615 entirely, since the claims are not currently being explored. The Company will continue to maintain the claims and will only commence its exploration program once more financings are available.

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**7. MINERAL PROPERTY INTERESTS (Continued)**

**Gil Venture, Dome Creek, Alaska, USA**

Pursuant to various agreements, the Company acquired a 50% interest in 237 claims located in the Gilmore Dome area of Fairbanks District of Alaska. On May 31, 1991, the Company, NERCO Exploration Company and Fort Knox Venture entered into an agreement, which granted the Company a 20% participating interest in the claims. Under the agreement, Fort Knox Venture paid the Company cash and funded approved programs, earning them an 80% participating interest in the property, with the Company retaining a 20% participating interest. Fort Knox Venture, through its operator Fairbanks Gold Mining, Inc., was doing exploration work on this property, until May 31, 2011. An exploration program was completed in late 2008. During the six months ended November 30, 2010 the Company incurred exploration expenditure of \$187,244 on the property.

**Kahiltna Terrane Option, Alaska, USA**

On September 1, 2010 the Company signed an option agreement (the "Option Agreement") to acquire a 50% interest in eleven mineral claims located in the Kahiltna Terrane area approximately 130 kilometers northwest of Anchorage, Alaska. Consideration for the option is as follows:

- issue 50,000 common shares upon approval of the option agreement by the TSX.V (the "Approval Date") (issued on November 2, 2010);
- issue an additional 50,000 common shares on the first anniversary of the Approval Date;
- issue an additional 100,000 common shares and pay a US\$10,000 cash payment on the second anniversary of the Approval Date; and
- contribute \$50,000 US for exploration expenditures in the first year and \$100,000 US in exploration expenditures in the second year.

On October 26, 2010 the Company staked and recorded an additional 23 mineral claims in the Kahiltna Terrane. Pursuant to the Option Agreement the Company has a 100% interest in the additional new mineral claims, subject to a 2½ % net royalty interest.

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**7. MINERAL PROPERTY INTERESTS (Continued)**

**Deferred Exploration Expenditures**

	<b>November 30</b>	May 31
	<b>2010</b>	2010
	\$	\$
Fish Creek Claims		
Written off – inactive claims	-	(111,947)
	-	(111,947)
Gil Venture Claims		
Drilling	<b>187,244</b>	358,812
	<b>187,244</b>	358,812
Gold Hill Claims		
Travel, maps and rent	-	-
	-	-
West Ridge Claims		
Written off – inactive claims	-	(661,491)
	-	(661,491)
Exploration expenditures for the year	-	358,812
Exploration expenditures invoiced or written off		
Invoiced to joint venture partner	-	-
Written off – terminated, abandoned or inactive claims	-	(773,438)
	-	(414,626)
Exploration expenditures – beginning of year	<b>2,637,853</b>	3,052,479
Exploration expenditures – end of year	<b>2,825,751</b>	2,637,853

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**8. ADVANCES TO/ FROM RELATED PARTIES**

Amounts due to/ from related parties are unsecured, non-interest bearing and have no fixed terms of repayment. Unless otherwise indicated, the following table represents companies controlled by the President and CEO of the Company or companies where he is the President and CEO.

Advances to related parties:

	November 30, 2010	May 31, 2010
	\$	\$
IAS Energy, Inc.	24,822	24,821
Linux Gold, Inc.	90,773	72,672
REGI US, Inc.	28,600	28,600
	<u>144,195</u>	<u>126,093</u>

Advances from related parties:

	November 30, 2010	May 31, 2010
	\$	\$
Information-Highway.com, Inc.	-	28,146
JGR Petroleum, Inc.	-	24,456
John Robertson	176	19,308
KLR Petroleum	-	23,534
Rainbow Networks Inc.	-	23,531
REGI US, Inc.	-	12,405
SMR Investments	8,400	-
	<u>8,576</u>	<u>131,380</u>

**9. CONVERTIBLE LOANS**

On July 15, 2009, the Company entered into two promissory note agreements with an external party for \$60,000 and \$31,363 (US\$27,000) to be paid on or before June 30, 2010. The two promissory notes have an interest rate of 8% per annum to be paid monthly commencing on August 15, 2009. The principal amounts are convertible into shares of the Company at \$0.20 per share upon regulatory approval.

In January, 2010 the Company redeemed the convertible loan of \$31,363 (US\$27,000) with cash payment on the full principal amount of US\$27,000.

The fair value of the debt component of the convertible loan was estimated using discounted cash flow at 10% for equivalent debt without the conversion feature. The fair value of equity component was estimated using Black-Scholes option pricing model with following assumptions: risk-free interest rate of 1.45%, dividend of 0%, expected life of 1 year and expected volatility of 210%. The debt and equity components of the convertible loans were then measured using the proportional or relative fair value method and were initially recorded at \$76,798 and \$14,565 respectively. As at May 31, 2010, \$13,295 interest has been amortized with its debt component carried at amortized cost of \$58,730 after the repayment of \$31,363 (US\$27,000). On June 1, 2010 the remaining balance of \$60,000 was repaid to the lender in full with the unamortized interest of \$1,270 at May 31, 2010 recorded as interest expense upon repayment.

As at November 30, 2010, interest of \$5,472 has been paid to the lender.

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**10. SHARE CAPITAL**

Authorized share capital consists of:

100,000,000 voting common shares with no par value  
5,000,000 non-voting preferred shares with \$1 par value

The Preferred Shares have attached thereto a right to receive dividends as determined by the Directors. The Preferred Shares may be issued in series, with special rights and restrictions therefore being determined by the Directors, subject to regulatory approval. No Preferred Shares have been issued to the date of these financial statements.

On June 8, 2009, the Company issued 2,120,000 units of capital stock pursuant to a Private Placement at a price of \$0.075 per unit. Each unit consists of one common share and one-half share purchase warrant exercisable within one year for \$0.10 per share. Finders' fees in connection with this non-brokered private placement were \$3,675.

On August 18, 2009, the Company issued 7,042,092 units of capital stock pursuant to a Private Placement at a price of \$0.075 per unit. Each unit consists of one common share and one share purchase warrant exercisable within one year for \$0.10 per share and within two years for \$0.15 per share. Finders' fees in connection with this non-brokered private placement were \$34,478.

On November 17, 2009, an employee exercised stock options for 12,500 shares at a price of \$0.10 per share.

On November 25, 2009, the Company issued 1,646,734 units of capital stock pursuant to a Private Placement at a price of \$0.17 per unit. Each unit consists of one common share and one share purchase warrant exercisable within one year for \$0.22 per share. Finders' fees in connection with this non-brokered private placement were \$17,881. On October 21, 2010, the Company received TSX approval to an extension of the term of the 1,646,734 warrants due to expire on November 25, 2010, for an additional six months to May 25, 2011.

During January, 2010, the Company issued 7,042,092 common shares for warrants exercised at \$0.10 per share.

On April 30, 2010 the Company issued 12,500 common shares for warrants exercised at \$0.10 per share.

During the year ended May 31, 2010 the Company incurred filing fees of \$8,164 in relation to the financings completed during the year.

During the six months ended November 30, 2010 the Company issued 1,047,500 common shares for warrants exercised at \$0.10 per share.

During the six months ended November 30, 2010 the Company issued 50,000 common shares to the optioner of the Kahiltna Terrane Option Agreement (Note 7). The shares are valued at \$7,500 based on the trading price of \$0.15 on November 2, 2010, the issuance date of the shares.

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**10. SHARE CAPITAL** (Continued)

**Stock Options**

The Company has a stock option plan to issue up to 10% of the issued common shares to certain directors and employees. All options granted under the plan vest immediately upon grant, but are subject to the following exercise conditions:

- i) Up to 25% of the options may be exercised at any time during the term of the option; such initial exercise is referred to as the “First Exercise”;
- ii) The second 25% of the options may be exercised at any time after 90 days from the date of the First Exercise; such second exercise is referred to as the “Second Exercise”;
- iii) The third 25% of the options may be exercised at any time after 90 days from the date of the Second Exercise; such third exercise is referred to as the “Third Exercise”; and
- iv) The fourth and final 25% of the options may be exercised at any time after 90 days from the date of the Third Exercise.

During the year ended May 31, 2010, the Company granted a total of 490,000 stock options with total fair value of \$21,685 for the options vested during the period.

During the six months ended November 30, 2010, the Company granted a total of 250,000 stock options exercisable at \$0.19 per share up to August 26, 2013 with total fair value of \$730 for the options vested during the period. Because the options were granted to a consultant performing investor relation activities, the options vest in stages over 12 months with no more than ¼ of the options vesting in any three months period.

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, with the following weighted-average assumptions:

	<b>Six months ended November 30, 2010</b>	Year ended May 31, 2010
Risk-free interest rate	<b>1.52%</b>	2.50%
Expected dividend yield	<b>Nil</b>	Nil
Expected stock price volatility	<b>145%</b>	137%
Expected life (in years)	<b>3</b>	4.44

On November 17, 2009, a total of 12,500 stock options with a fair value of \$792 were exercised, resulting in another 12,500 stock options exercisable on February 16, 2010 and recorded as stock based compensation of \$792.

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**10. SHARE CAPITAL** (Continued)

**Stock Options**

The following is a summary of the Company's stock option activities during the year ended May 31, 2010 and six months ended November 30, 2010:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>
Balance – May 31, 2009	1,825,000	0.150
Granted	325,000	0.185
Granted	65,000	0.250
Granted	100,000	0.240
Exercised	(12,500)	0.100
Balance – May 31, 2010	2,302,500	0.160
Granted	250,000	0.190
Balance – November 30, 2010	<u>2,552,500</u>	<u>0.163</u>

The following share purchase options were outstanding at November 30, 2010:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number of Options</b>	<b>Remaining Contractual Life (years)</b>	<b>Number of Options Exercisable</b>
December 4, 2010	0.250	65,000	0.01	16,250
November 2, 2011	0.180	25,000	0.92	6,250
April 24, 2012	0.150	1,650,000	1.40	412,500
November 7, 2012	0.220	25,000	1.94	6,250
March 10, 2013	0.210	75,000	2.28	18,750
August 31, 2013	0.190	250,000	2.74	2,055
April 23, 2014	0.100	37,500	3.40	12,500
October 30, 2014	0.185	275,000	3.92	68,750
November 5, 2014	0.185	50,000	3.94	12,500
April 19, 2015	0.240	100,000	4.39	25,000
		<u>2,552,500</u>		<u>580,805</u>

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**10. SHARE CAPITAL** (Continued)

**Warrants**

The following is a summary of the Company's warrant activities during the years ended May 31, 2010 and six months ended November 30, 2010:

	Number of Warrants	Weighted Average Exercise Price \$
Balance – May 31, 2009	2,715,000	0.25
Issued	9,748,826	0.12
Exercised	(7,054,592)	0.10
Expired	(2,715,000)	0.25
Balance – May 31, 2010	2,694,234	0.17
Exercised	(1,047,500)	0.10
Expired	(1,646,734)	0.22
Extended	1,646,734	0.22
Balance – November 30, 2010	1,646,734	0.22

The following share purchase warrants were outstanding at November 30, 2010:

	Exercise Price \$	Number of Warrants	Remaining Contractual Life (years)
Expiry Date	\$		
May 25, 2011	0.22	1,646,734	0.49
		1,646,734	

During the year ended May 31, 2010, a total of 9,748,826 warrants were issued with a fair value of \$515,010. The fair value of warrants issued was estimated on the date of grant using the Black-Scholes option pricing model, with the following weighted-average assumptions:

Risk-free interest rate	1.25%
Expected dividend yield	Nil
Expected stock price volatility	195.36%
Expected life (in years)	1.36

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**11. RELATED PARTY TRANSACTIONS**

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions not disclosed elsewhere in these financial statements are as follows:

SMR Investments Ltd. (“SMR”) is a private company controlled by an officer of the Company. Under a management contract with SMR, the Company agreed to pay up to \$2,500 per month for management services. The Company was charged management fees by SMR of \$15,000 during the six months ended November 30, 2010 (2010 - \$15,000). As at November 30, 2010, \$8,400 (May 31, 2010 - \$4,900) was payable to SMR by the Company.

During the six months ended November 30, 2010, directors fees of \$6,000 (2010 - \$9,000) were paid to the President of the Company. Administration consulting fees of \$10,200 (2010 - \$10,200) were paid to a director of the Company. Secretarial and consulting fees of \$9,000 (2010 - \$9,000) were paid to a director of the Company.

During the six months ended November 30, 2010, fees of \$2,826 (2010 - \$5,129) were paid to KLR Petroleum Ltd. (which is controlled by an officer of the Company) for administration of the Company payroll and benefit plan.

During the six months ended November 30, 2010, office rent of \$8,825 (2010 - \$9,226) was paid to Linux Gold, Inc.

**12. TERYL, INC. TRASACTIONS (100% US Subsidiary)**

In 1998, Teryl, Inc. offered a private placement for up to 1,000,000 shares at a price of \$0.23 (\$0.15 US) and subscriptions of \$146,044 (\$96,750 US) were received by November 19, 1999. Since the offering was not fully subscribed, the Companies negotiated with the subscribers to replace the Teryl, Inc. shares with Teryl Resources Corp. shares. On October 17, 2006, the authorized capital for Teryl, Inc. was reduced to 10,000 common shares, which resulted in a rollback to 1 common share for each 10,000 outstanding. On August 29, 2007, the final six subscribers agreed to a settlement of \$70,000 (\$50,250 US).

**13. SEGMENTED INFORMATION**

The Company’s business consists of mineral properties and oil and gas property interests. Details on a geographic basis are as follows:

	Canada	United States	Total
	\$	\$	\$
<b>Six Months Ended November 30, 2010</b>			
Total assets	208,763	3,025,988	3,234,751
Acquisition and exploration costs	1	3,029,451	3,029,452
Net income (loss)	(272,264)	16,472	(255,792)

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**13. SEGMENTED INFORMATION** (Continued)

<b>Year ended May 31, 2010</b>	<b>Canada</b>	<b>United States</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total assets	432,746	2,837,359	3,270,105
Acquisition and exploration costs	1	2,834,707	2,834,708
Net loss	752,797	666,929	1,419,726

**14. CAPITAL MANAGEMENT**

The capital of the Company consists of the items included in shareholders' equity. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

The Company's objectives of capital management are intended to safeguard the entity's ability to continue the Company's development and exploration of its mineral properties and support any expansionary plans.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its development and exploration objectives.

**15. SUBSEQUENT EVENTS**

On December 4, 2010, 65,000 stock options exercisable into the Company's common stocks at \$0.25 per share expired.

On December 21, 2010 the Company purchased an additional 10% NPI in the Silverknife property for consideration of 200,000 common shares of the Company (issued on January 25, 2011), resulting in the Company's total ownership of 30% working interest and a 10% net profit interest of the property.

During January, 2011, the Company issued 3,342,659 units of capital stock pursuant to a Private Placement at a price of \$0.15 per unit. Each unit consists of one common share and one share purchase warrant exercisable within one year of issuance for \$0.20 per share. Finders' fees in connection with this non-brokered private placement were \$18,687 and issued 39,000 broker warrants exercisable into the Company's common shares at \$0.20 per share until January 19, 2012.