# AUGUSTINE VENTURES INC.

## FINANCIAL STATEMENTS

## NOVEMBER 30, 2011 AND 2010

**CONTENTS**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Augustine Ventures Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Augustine Ventures Inc., which comprise the balance sheets as at November 30, 2011 and 2010, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for each of the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Augustine Ventures Inc. as at November 30, 2011 and 2010 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

***"McCarney Greenwood LLP"***

Toronto, Canada
March 20, 2012

McCarney Greenwood LLP
Chartered Accountants
Licensed Public Accountants



McCarney Greenwood LLP
Chartered Accountants
10 Bay Street, Suite 600
Toronto, ON M5J 2R8
**T** 416 362 0515 **F** 416 362 0539
www.mgca.com

## AUGUSTINE VENTURES INC.
### BALANCE SHEETS
**(in Canadian Dollars)**

| | November 30 2011 | November 30 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents | $ 100,426 | $ 26,149 |
| Sundry receivables and prepaids | 65,792 | 1,016 |
| | 166,218 | 27,165 |
| Advances to related party (note 6) | 265,265 | 69,434 |
| Property and equipment (note 7) | 26,275 | - |
| Oil and gas interests (note 8) | 1 | 1 |
| Mining properties and expenditures (note 9) | 2,244,930 | 100,001 |
| | $ 2,702,689 | $ 196,601 |
| **LIABILITIES** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 160,806 | $ 78,046 |
| Due to related parties (note 6) | 84,871 | 34,000 |
| | 245,677 | 112,046 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (note 10) | 2,645,231 | 1,519,975 |
| Warrants (note 10) | 1,992,996 | 158,357 |
| Contributed surplus (note 10) | 306,304 | 20,440 |
| Deficit | (2,487,519) | (1,614,217) |
| | 2,457,012 | 84,555 |
| | $ 2,702,689 | $ 196,601 |

Nature of operations and going concern assumption (note 1)
Subsequent events (note 15)

Approved by the Board:

"Wayne Isaacs" Director

"G. Michael Newman" Director

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

## AUGUSTINE VENTURES INC.
### STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
### FOR THE YEARS ENDED NOVEMBER 30, 2011 AND 2010
**(in Canadian Dollars)**

| | 2011 | 2010 |
|---|---|---|
| **Expenses** | | |
| Amortization | $ 7,628 | $ - |
| Directors fees (note 6) | 51,500 | 2,000 |
| General and administrative | 75,921 | 28,828 |
| Management fees (note 6) | 290,917 | 52,000 |
| Miscellaneous mineral property expenses | - | 38,011 |
| Professional fees | 38,627 | 24,730 |
| Rent and occupancy costs (note 6) | 82,500 | - |
| Salaries and benefits | 145,025 | - |
| Shareholder services and public company costs | 163,583 | 16,238 |
| Stock-based compensation (note 10) | 124,564 | 7,221 |
| Loss before taxes | (980,265) | (169,028) |
| Future tax recovery (note 13) | 106,963 | - |
| Net loss and comprehensive loss for the year | $ (873,302) | $ (169,028) |
| Loss per common share (Basic and fully diluted) (note 11) | $ (0.04) | $ (0.03) |
| Weighted average number of common shares | 23,924,105 | 5,663,481 |

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

# AUGUSTINE VENTURES INC.
## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED NOVEMBER 30, 2011 AND 2010
**(in Canadian Dollars)**

| | 2011 | 2010 |
|---|---|---|
| **Cash provided by (used in) operating activities** | | |
| Net loss and comprehensive loss for the year | $ (873,302) | $ (169,028) |
| Stock-based compensation | 124,564 | 7,221 |
| Amortization | 7,628 | - |
| Future income tax recovery | (106,963) | - |
| Changes in non-cash working capital items | | |
| Sundry receivables | (64,776) | 1,329 |
| Accounts payable | 82,760 | 38,132 |
| Shares issued to retire debts | - | 59,504 |
| Due to related parties | 50,871 | (5,504) |
| | (779,218) | (68,346) |
| **Cash provided by (used in) investing activities** | | |
| Advances to related party | (195,831) | (69,434) |
| Acquisition of property and equipment | (33,903) | - |
| Acquisition of mining properties | (33,336) | (100,000) |
| Mining property exploration expenses | (1,203,093) | - |
| | (1,466,163) | (169,434) |
| **Cash provided by (used in) financing activities** | | |
| Share capital (note 10) | 2,319,658 | 263,929 |
| Increase (decrease) in cash and cash equivalents | 74,277 | 26,149 |
| Cash and cash equivalents, beginning of the year | 26,149 | - |
| Cash and cash equivalents, end of the year | $ 100,426 | $ 26,149 |
| Cash and cash equivalents consists of: | | |
| Cash | $ 90,426 | $ 26,149 |
| Short-term investments | 10,000 | - |
| | $ 100,426 | $ 26,149 |
| Supplementary information: | | |
| Interest paid | $ - | $ - |
| Income taxes paid | - | - |
| Issuance of shares for acquistion of mineral properties | 908,500 | - |
| Issuance of shares for settlement of debts | - | 59,504 |

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

# AUGUSTINE VENTURES INC.
## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
## FOR THE YEARS ENDED NOVEMBER 30, 2011 AND 2010
**(in Canadian Dollars)**

| | 2011 | 2010 |
|---|---|---|
| **Common share capital** | | |
| Balance, beginning of the year | $ 1,519,975 | $ 1,354,899 |
| Issued to retire debts | - | 59,504 |
| Issued for cash | 2,550,000 | 263,929 |
| Issued for mining properties | 908,500 | - |
| Exercise of stock options | 14,000 | - |
| Fair value of stock options exercised | 3,496 | - |
| Costs of issue - cash | (244,342) | - |
| Costs of issue - broker option | (164,796) | - |
| Warrant valuation | (1,834,639) | (158,357) |
| Future tax on flow through share renunciation | (106,963) | - |
| Balance, end of the year | 2,645,231 | 1,519,975 |
| **Warrants** | | |
| Balance, beginning of the year | 158,357 | - |
| Warrant valuation on private placements | 1,834,639 | 158,357 |
| Balance, end of the year | 1,992,996 | 158,357 |
| **Contributed surplus** | | |
| Balance, beginning of the year | 20,440 | 13,219 |
| Stock-based compensation | 124,564 | 7,221 |
| Fair value of compensation options | 164,796 | - |
| Exercise of stock options | (3,496) | - |
| Balance, end of the year | 306,304 | 20,440 |
| **Deficit** | | |
| Balance, beginning of the year | (1,614,217) | (1,445,189) |
| Net loss for the year | (873,302) | (169,028) |
| Balance, end of the year | (2,487,519) | (1,614,217) |
| **Total shareholders' equity** | $ 2,457,012 | $ 84,555 |

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

## 1. Nature of operations and going concern

Augustine Ventures Inc. ("Augustine" or the "Company") was established on May 7, 1997 as Black Mountain Minerals Inc. by statutory amalgamation of Triangle Capital Energy Corp. and Per-X Minerals Inc. pursuant to the provisions of the *Business Corporations Act* (Ontario). The Company engages in mineral exploration in Canada. To date, the Company has not earned any significant revenues from its mining properties, and is considered to be in the development stage. The Company is listed on the Canadian National Stock Exchange under the symbol WAW. The primary office of the Company is located at 56 Temperance Street, Suite 1000, Toronto, Ontario, Canada, M5H 3V5.

The Company is in the exploration stage and has not yet determined whether its mining resource properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mining resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mining resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mining properties.

The amount shown for mining properties and expenditures does not necessarily represent its present or future value. Changes in future conditions could require a material change in the amount recorded for mining properties.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has a working capital deficiency as at November 30, 2011 and will need to raise additional capital in the near term to fund its ongoing operations and exploration activities. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that may be necessary were the Company unable to continue as a going concern and these adjustments could be material.

## 2. Significant accounting policies

### a) Measurement uncertainty

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

### b) Fair value hierarchy and liquidity risk disclosure

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments – Disclosures" in an effort to make Section 3862 consistent with International Financial Reporting Standards Section 7 – Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (Level 1) quoted prices (unadjusted) 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); and (Level 3) inputs for the asset or liability that are not based on observable market data (unobservable inputs). These standards apply to interim and annual financial statements relating to fiscal years ending after September

**2. Significant accounting policies (continued)**

30, 2009. The Company has included disclosures recommended by this Handbook section in Note 3 to these financial statements.

**c) Credit risk and the fair value of financial assets and financial liabilities**

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009.

**d) Capital disclosures and financial instruments – disclosures and presentation**

On January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Section 3862, “Financial Instruments – Disclosure” of the CICA Handbook (“Section 3862”) and Section 3863, “Financial Instrument – Presentation” (“Section 3863”). These standards replaced Section 3861, “Financial Instrument – Disclosure and Presentation”. These sections establish standards for the comprehensive disclosure and presentation requirements for financial instruments. The standards include requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks. The adoption of this standard had no material impact on the Company’s financial statements.

On December 1, 2007, the Company adopted CICA Handbook Section 1535, “Capital Disclosures” which establishes standards for disclosing information about an entity’s capital and how it is managed. Refer to Note 5 for a discussion on how the Company is being managed and its capital.

**e) Cash and cash equivalents**

Cash and cash equivalents includes cash and deposits that are redeemable upon demand.

**f) Mining properties and expenditures**

Costs relating to the acquisition, exploration and development of mining properties are deferred until the properties are brought into commercial production, at which time, they are amortized over the estimated useful life of the related property on a unit-of-production basis. The proceeds from options granted on properties are credited to the cost of the related property. When a property is determined to be non-commercial, non-productive or its value impaired, those costs in excess of estimated recoveries are charged to operations. Management considered the guidance of EIC-174 “Mining Exploration Costs” to determine whether conditions exist that indicate that impairment may exist and a write-down is required.

**g) Property and equipment**

Property and equipment are recorded at cost. Amortization based on the estimated useful lives of the assets is provided as follows:

| | |
|---|---|
| Computer equipment | 30% declining balance |
| Vehicle | 30% declining balance. |

**h) Asset retirement obligations**

The Company recognizes statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the

**2. Significant accounting policies (continued)**

related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. As at November 30, 2011 and 2010, the asset retirement obligation was $ nil.

**i) Flow-through shares**

The Company finances a portion of its exploration activities through the issue of flow-through shares pursuant to the *Income Tax Act* (Canada). Under the terms of these share issues, the deductions for income tax purposes of the related expenditures are renounced to the subscriber of the flow-through shares. Share capital is reduced and the future income tax liability is increased by the estimated income tax benefits renounced by the Company to the subscribers, except to the extent that the Company has unrecorded loss carry-forwards and income tax pools in excess of book value available for deduction, which could be recognized against the future tax liability resulting in a future tax recovery.

**j) Financial instruments**

Under Section 3251, "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3862 "Financial Instruments - Disclosures" and Section 3863, "Financial Instruments - Disclosure and Presentation", all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of the changes in the fair values of financial instruments depends on their initial classification. Available-for-sale financial instruments are measured at fair value and all unrealized gains and losses are measured at fair value and are included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held to maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financial instruments will be expensed in the period incurred.

The Company has made the following classifications:

| | |
|---|---|
| Cash | Held for trading |
| Sundry receivables | Loans and receivables |
| Advances to related party | Loans and receivables |
| Accounts payable and accrued liabilities | Other financial liabilities |
| Due to related parties | Other financial liabilities. |

**k) Comprehensive income (loss) and deficit**

The Company adopted the CICA Section 1530, “Comprehensive Income” during the fiscal year ended November 30, 2007. Under these standards, the Statement of Comprehensive Income (Loss), was introduced that will provide for certain gains and losses arising from changes in fair value, to be temporarily recorded outside the income statement. Upon adoption of Section 1530, the Company incorporated the Statement of Comprehensive Loss by creating a “Statement of Loss and Comprehensive Loss”. The application of this standard did not result in comprehensive loss being different from net loss for the periods presented. Should the Company recognize any other comprehensive loss in the future, the cumulative changes in other comprehensive loss will be recognized in Accumulated Other Comprehensive Loss, which will be presented as a new category within Shareholders’ Equity (Deficiency) on the balance sheets.

## 2. Significant accounting policies (continued)

### l) Income taxes

The Company accounts for and measures future tax assets and liabilities in accordance with the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantial enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

### m) Non-monetary transactions

The Company enters into transactions in which goods or services are the consideration received for the issuance of equity instruments. The value of these transactions is measured and accounted for, based on the fair value of the equity instrument issued or the value of the services, whichever is more reliably measurable. The services are expensed in the periods during which the services are rendered.

### n) Loss per share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share, according to the treasury stock method, assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

### o) Stock-based compensation

The CICA Handbook Section 3870, “Stock-based compensation and other stock-based payments”, requires that compensation for option awards to employees be recognized in the financial statements at fair value of options granted. The company uses the fair value based method to measure stock-based compensation for all stock-based awards made to non-employees and for direct awards made to directors and employees of common shares, stock appreciation rights and awards that call for settlement for cash or other assets.

### p) Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the reporting period. Significant areas requiring the use of management estimates include the carrying value of mineral resource properties, valuation of stock-based payments, valuation allowance on future tax assets, impairment of mineral properties and the valuation of options and warrants granted. Actual results could differ from those estimates.

## 2. Significant accounting policies (continued)

### q) Future accounting standards

**International financial reporting standards ("IFRS")**

In January 2006, the CICA's AcSB formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that publicly accountable, profit oriented enterprises will be required to report under IFRS for interim and annual financial statements for periods commencing on or after January 1, 2011. Accordingly, the Company will be required to have prepared, in time for its fiscal 2012 first quarter filing, comparative financial statements in accordance with IFRS for the three months ended February 28, 2011. This will be an ongoing process as the International Accounting Standards Board and the AcSB continue to issue new standards and recommendations. The Company is in the process of evaluating the potential impact of IFRS on its financial statements. Based on the current guidance provided by regulatory bodies, it is anticipated that the Company's financial results and position as disclosed in its current Canadian GAAP financial statements will not differ significantly from that which is required in accordance with IFRS.

## 3. Financial instruments

The Company's financial instruments consist of cash, sundry receivables, advances to a related party, accounts payable and accrued liabilities and due to related parties.

Fair Value Disclosure

The fair value measurement of assets and liabilities recognized on the balance sheet are categorized into levels within a fair value hierarchy based on the nature of valuation inputs.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Cash is classified as Level 1 within the fair value hierarchy.

The fair values of sundry receivables and accounts payable and accrued liabilities approximate their carrying values due to the relatively short periods to maturity of these instruments. The advances to related party are non interest bearing and are due on demand and the amounts due to related parties are non-interest bearing with no specific terms of repayment and due on demand. The fair values of these amounts have not been disclosed because the cash flow streams of the related party amounts are not determinable.

## 4. Risk factors

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk, interest rate risk and commodity price risk. Risk management is carried out by the Company's management with guidance from the Audit Committee. It is management's opinion that the Company is not exposed to significant credit risk, currency or market risks arising from the financial instruments. It is management's opinion that the carrying values of the financial instruments approximate their fair values due to their immediate or short-term maturity.

### 4. Risk factors (continued)

**Currency risk**

As the majority of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is mainly held through large Canadian financial institutions.

The Company's receivables consist of sales tax due from the Government of Canada, prepaid expenses and sundry receivables. The Company has a demand loan due from a related party.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. As at November 30, 2011, it is management's opinion that the Company is not exposed to any significant liquidity risk as it has plans to raise sufficient funds to allow the Company to fulfil its obligations as they become due.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

**Commodity price risk**

The Company is exposed to commodity price risk with respect to gold prices. A significant decline in the prices of these commodities may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

### 5. Management of capital

The Company manages and adjusts its capital structure based on available funds in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Board of Directors does not establish quantitative return on capital criteria.

As at November 30, 2011, the Company had capital resources consisting mainly of cash, sundry receivables and an advance to a related party of the Company. The Company's primary source of funds comes from equity financing through private placements.

There were no changes in the Company's approach to capital management during the year ended November 30, 2011. The Company is not subject to any externally imposed capital requirements.

## 6. Related party transactions and balances

During the year ended November 30, 2011, the Company entered into the following transactions with related parties:

(a) The Company paid or accrued fees to its senior officers totaling $290,917 (2010 - $52,000). Included in due to related parties are amounts of $25,371 (2010 - $32,000) due to the senior officers with respect of such fees. These amounts are non-interest bearing and are due on demand.

(b) The Company accrued directors fees totaling $51,500 (2010 - $2,000) to directors of the Company for their services as directors. Included in due to related parties are amounts of $59,500 (2010 - $8,000) due to current and former directors as a group with respect of such fees. These amounts are non-interest bearing and are due on demand.

(c) During the year ended November 30, 2010, the Company entered into an Assignment Agreement with Delta Uranium Inc. ("Delta") whereby the Company acquired and assumed Delta's interests and obligations in the Surluga Property (see Note 9 - Mining properties and expenditures). Also during that year, the Company entered into an agreement with Delta (the “Delta Augustine Agreement”) whereby the Company agreed to pay the following consideration to Delta:

I - $100,000 cash on execution of the Delta Augustine Agreement (which amount was paid during the fiscal year ended November 30, 2010); and

II - 3,810,000 common shares in the capital of the Company valued at an estimated fair value of $381,000, which shares were issued to Delta in December 2010.

The Company and Delta are related due to common officers, directors, shareholders and that Delta currently holds greater than 10% of the issued and outstanding common shares of the Company.

As at November 30, 2011, the Company extended a demand loan to Delta and the amount of $265,265 (2010 - $69,434) was due and receivable to the Company at year end. The indebtedness is non interest bearing and due on demand.

The Company currently subleases its office space from Delta on a month to month basis at a rate of $7,500 per month and is included in the rent and occupancy costs totaling $82,500.

The above transactions were in the normal course of operations and were recorded at exchange values established, which is the consideration agreed upon by the related parties.

## 7. Property and equipment

| | November 30, 2011 ($) | November 30 2010 ($) |
|---|---:|---:|
| Vehicles | 20,545 | - |
| Accumulated amortization | (4,622) | - |
| | 15,923 | - |
| Computer equipment | 13,358 | - |
| Accumulated amortization | (3,006) | - |
| | 10,352 | - |
| | 26,275 | - |

## 8. Oil and gas interests

The Company holds a 75% interest in certain oil and gas leases located in Camden Core Township, Kent County, Ontario. The interest is subject to 25% gross overriding royalties. These oil and gas interests are being carried at the nominal value of $1.

## 9. Mining properties and expenditures

As at November 30, 2011, the carrying value of the Company's mining claims was as follows:

| | Surluga ($) | Oakley ($) | Brackin ($) | Total ($) |
|---|---|---|---|---|
| Balance, November 30, 2009 | - | - | 1 | 1 |
| Acquisition costs | 100,000 | - | - | 100,000 |
| Exploration costs | - | - | - | - |
| Balance, November 30, 2010 | 100,000 | - | 1 | 100,001 |
| Acquisition costs | 471,836 | 470,000 | - | 941,836 |
| Exploration costs | 1,203,093 | - | - | 1,203,093 |
| Balance, November 30, 2011 | 1,774,929 | 470,000 | 1 | 2,244,930 |

***Wawa properties:***

**Surluga**

Pursuant to the terms of an option agreement dated September 22, 2010 (the "Option Agreement"), as amended by an amending agreement dated November 25, 2010, entered into between the Company, Delta Uranium Inc. (“Delta") and Delta Precious Metals (Ontario) Inc. ("DPMI") and also pursuant to the terms of an assignment agreement dated September 15, 2010 (the "Assignment Agreement") entered into between the Company, Delta, DPMI, Citadel Gold Mines Inc. ("Citadel") and Citabar Limited Partnership ("Citabar"), the Company acquired an option to earn a 60% interest in the Surluga Property, which encompasses 172 mineral claims in McMurray Township, southeast of the town of Wawa, Ontario.

Pursuant to the terms of the Assignment Agreement, Citabar and Citadel consented to Delta and DPMI assigning their rights under an option agreement dated April 16, 2009, as amended, (the "Delta Option Agreement") whereby Delta and DPMI granted DPMI the exclusive right to earn an undivided 60% interest in the Surluga Property. In consideration for Citabar's consent for the assignment, the Company agreed to issue an aggregate of 1,000,000 common shares to Citabar as follows:

(1) 250,000 common shares on November 10, 2010, being the date that the Ontario Ministry of Northern Development, Mines and Forestry consents to the transfer of the Surluga Property from Citadel to Citabar (the "Consent Date"), of which the said 250,000 common shares have been issued on December 22, 2010; and

(2) an additional 250,000 common shares on each of the first, second and third year anniversary of the Consent Date. The 250,000 common shares pertaining to the first anniversary were issued on November 21, 2011.

**9. Mining properties and expenditures (continued)**

Pursuant to the Option Agreement, the Company has agreed to pay Delta an aggregate of $100,000 and issue an aggregate of 3,810,000 common shares of which the $100,000 has been paid during the fiscal year ended November 30, 2010 and the 3,810,000 common shares later issued on December 22, 2010. This transaction is considered a related party transaction because Delta and the Company have common officers, a director and that Delta is a significant shareholder of the Company after they received shares from the option agreement.

Due to the provisions of the above noted agreements and pursuant to the original agreements between the original property owner and Citadel, the Company is also committed to make the following cash payments to the original property vendor:

| Due Date | Amount |
|---|---|
| February 1, 2012 | $ 35,000 US * |
| February 1, 2013 | $ 35,000 US |

* This amount was paid subsequent to the year ended November 30, 2011.

The following table summarizes the Company's requirements to earn its 60% interest in the Surluga property:

| | Cash payments ($) | Number of common shares | Exploration expenditures ($) |
|---|---|---|---|
| Paid on signing | 100,000 | | |
| Consent date (issued December 22, 2010) | | 250,000 | |
| November 10, 2011 (completed) | | 250,000 | 500,000 |
| February 1, 2012 (paid) | 35,000 ** | | |
| November 10, 2012 | | 250,000 | 1,500,000 |
| February 1, 2013 | 35,000 ** | | |
| November 10, 2013 | | 250,000 | 2,000,000 |
| November 10, 2014 | | | 4,000,000 |
| | | 1,000,000 | 8,000,000 |

** Payable in U.S. Funds

Additional staked claims

In March 2011, the Company staked an additional 2 mining claims contiguous to the Surluga property.

**Oakley Lake**

On September 27, 2011, the Company purchased 22 mining claims comprising 161 claim units located in McMurray and Naveau Townships southeast of Wawa, Ontario (the "Oakley Lake Property").

Under the terms of the agreement, the Company acquired a 100% undivided interest in and to the Oakley Lake Property subject to a royalty of 2% of Net Smelter Returns ("Net Smelter Royalty") for and in consideration of $30,000 cash (paid during fiscal 2011) and the issuance of 2,000,000 shares in the capital stock of the Company, which shares were issued at a value of $0.22 per common share (being $440,000 in the aggregate), based on the average closing price of the Company's common shares as traded on the Canadian National Stock Exchange at

### 9. Mining properties and expenditures (continued)

that time. The Company also has the option to purchase one-half of the Net Smelter Royalty (i.e. 1% of Net Smelter Returns) at any time up to the commencement of commercial production from the Oakley Lake Property for the price of $1,000,000. This transactions was at arm's length to the Company.

***Brackin Township***

The Company holds a 100% interest in 4 patented mining claims located in Brackin Township, Ontario. These claims are being carried at the nominal value of $1.

### 10. Share capital

As at November 30, 2011, the Company's outstanding share capital was as follows:

*Common shares summary:*

Authorized:
Unlimited number of common shares, no par value

Issued:

| Date | | Number of Common Shares | Amount $ |
|---|---|---|---|
| November 30, 2009 | Balances | 4,719,149 | 1,354,899 |
| December 15, 2009 | Issued to retire debts | 780,851 | 59,504 |
| November 1, 2010 | Private placement (1) | 2,639,290 | 263,929 |
| | Warrant valuation | | (158,357) |
| November 30, 2010 | Balances | 8,139,290 | 1,519,975 |
| December 22, 2010 | Issued for mineral property | 4,060,000 | 406,000 |
| December 22, 2010 | Private placement (2) | 6,150,000 | 1,230,000 |
| February 8, 2011 | Private placement (3) | 3,900,000 | 780,000 |
| March 23, 2011 | Private placement (4) | 2,700,000 | 540,000 |
| March 24, 2011 | Exercise of options (5) | 100,000 | 10,000 |
| April 27, 2011 | Private placement (6) | 922,500 | |
| June 13, 2011 | Private placement (7) | 585,000 | |
| July 28, 2011 | Private placement (8) | 405,000 | |
| September 27, 2011 | Issued for mineral property (9) | 2,000,000 | 440,000 |
| November 7, 2011 | Exercise of options (10) | 40,000 | 4,000 |
| November 21, 2011 | Issued for mineral property (11) | 250,000 | 62,500 |
| | Fair value of options exercised | | 3,496 |
| | Warrant valuation | | (1,834,639) |
| | Costs of issue - cash | | (244,342) |
| | Costs of issue – broker options | | (164,796) |
| | Future tax on flow through share renunciation | | (106,963) |
| November 30, 2011 | Balances | 29,251,790 | 2,645,231 |

(1) On November 1, 2010, the Company completed a private placement financing of 2,639,290 units at the price of $0.10 per Unit for net proceeds of $263,929. Each unit consists of one common share and one full common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.20 expiring on November 1, 2012.

**10. Share capital (continued)**

(2) On December 22, 2010, the Company closed a first tranche of financing for 2,150,000 Flow Through Units and 4,000,000 Non Flow Through Units at the price of $0.20 per Unit for gross proceeds of $1,230,000. Each Flow Through Unit consists of one common share and one half common share purchase warrant, and each Non Flow Through Unit consists of one common share and one common share purchase warrant. Each of these warrants entitles the holder to purchase one common share of the Company at a price of $0.40 expiring on December 22, 2012. The value of the associated warrants was estimated to be $766,325 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 190%; risk-free interest rate of 1.66%, exercise price of $0.40 per share and an expected life of 2 years. As a result of this private placement the Company paid a cash commission of $98,400 plus other cost reimbursements and issued 492,000 compensation options to the agent. Each compensation option would entitle the holder to one common share and one common share purchase warrants at $0.20 expiring on December 22, 2012. Each warrant from the exercise of the broker compensation option will entitle the holder to purchase one common share of the Company at a price of $0.40 per common share for 24 months from the date of the exercise of broker compensation option. The value of these broker compensation options was estimated to be $81,180 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 190%; risk-free interest rate of 1.66%, exercise price of $0.20 per share and an expected life of 2 years.

(3) On February 8, 2011, the Company closed a second tranche of financing for 775,000 Flow Through Units and 3,125,000 Non Flow Through Units at the price of $0.20 per Unit for gross proceeds of $780,000. Each Flow Through Unit consists of one common share and one half common share purchase warrant, and each Non Flow Through Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.40 expiring on February 8, 2013. The value of the associated warrants was estimated to be $509,313 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 180%; risk-free interest rate of 1.88%, exercise price of $0.40 per share and an expected life of 2 years. As a result of this private placement the Company paid a cash commission of $62,400 plus other cost reimbursements and issued 312,000 Compensation Options to the agent. Each compensation option would entitle the holder to one common share and one common share purchase warrants at $0.20 expiring on February 8, 2013. Each warrant from the exercise of the broker compensation option will entitle the holder to purchase one common share of the Company at a price of $0.40 per common share for 24 months from the date of the exercise of broker compensation option. The value of these broker compensation options was estimated to be $49,920 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 180%; risk-free interest rate of 1.88%, exercise price of $0.20 per share and an expected life of 2 years.

(4) On March 23, 2011, the Company closed a third tranche of financing for 800,000 Flow Through Units and 1,900,000 Non Flow Through Units at the price of $0.20 per Unit for gross proceeds of $540,000. Each Flow Through Unit consists of one common share and one half common share purchase warrant, and each Non Flow Through Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.40 expiring on March 23, 2013. The value of the associated warrants was estimated to be $319,700 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 172%; risk-free interest rate of 1.68%, exercise price of $0.40 per share and an expected life of 2 years. As a result of this private placement the Company paid a cash commission of $43,200 plus other cost reimbursements and issued 216,000 Compensation Option to the agent. Each compensation option would entitle the holder to one common share and one common share purchase warrants at $0.20 expiring on March 23, 2013. Each warrant from the exercise of the broker compensation option will entitle the holder to purchase one common share of the Company at a price of $0.40 per common share for 24 months from the date of the exercise of broker compensation option. The value of these broker compensation options was estimated to be $33,696 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 172%; risk-free interest rate of 1.68%, exercise price of $0.20 per share and an expected life of 2 years.

(5) Exercise of 100,000 options at an exercise price of $0.10 per common share.

## 10. Share capital (continued)

(6) The Company issued a total of 922,500 units equal to 15% of the total units to the subscribers of a private placement that closed on December 22, 2010 due to the delay of listing on the TSX or TSX Venture Exchanges, which include 60,000 Non Flow Through Units and 322,500 Flow Through Units. Each Non Flow Through Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.40 expiring on April 27, 2013. The value of the associated warrants was estimated to be $114,949 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 190%; risk-free interest rate of 1.66%, exercise price of $0.40 per share and an expected life of 2 years.

(7) The Company issued a total of 585,000 units equal to 15% of the total units to the subscribers of a private placement that closed on February 8, 2011 due to the delay of listing on the TSX or TSX Venture Exchanges, which include 468,750 Non Flow Through Units and 116,250 Flow Through Units. Each Non Flow Through Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.40 expiring on June 13, 2013. The value of the associated warrants was estimated to be $76,397 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 180%; risk-free interest rate of 1.88%, exercise price of $0.40 per share and an expected life of 2 years.

(8) The Company issued a total of 405,000 units equal to 15% of the total units to the subscribers of a private placement that closed on March 23, 2011 due to the delay of listing on the TSX or TSX Venture Exchanges, which include 285,000 Non Flow Through Units and 120,000 Flow Through Units. Each Non Flow Through Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.40 expiring July 28, 2013. The value of the associated warrants was estimated to be $47,955 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity. The assumptions used for the valuation of the warrants are: Dividend yield 0%; expected volatility 172%; risk-free interest rate of 1.68%, exercise price of $0.40 per share and an expected life of 2 years.

(9) Issuance of 2,000,000 common shares at the price of $0.22 per common share to acquire the Oakley Lake property (see Note 9).

(10) Exercise of 40,000 options at an exercise price of $0.10 per common share.

(11) Issuance of 250,000 common shares at the price of $0.25 per common share with regard to the Delta Option Agreement (see Note 9).

*Stock options summary:*

| | **Number of options** | **Weighted-average exercise price $** |
|---|---|---|
| Balance, November 30, 2009 | 367,196 | 0.10 |
| Granted | 491,402 | 0.10 |
| Exercised | - | - |
| Expired/cancelled/forfeited | - | - |
| Balance, November 30, 2010 | 858,598 | 0.10 |
| Granted | 865,000 | 0.20 |
| Exercised | (140,000) | 0.10 |
| Expired/cancelled/forfeited | (163,598) | 0.10 |
| Balance, November 30, 2011 | 1,420,000 | 0.16 |

## 10. Share capital (continued)

The Company applies the fair value method of accounting for stock-based compensation awards to employees and non-employees. For valuation purposes, the fair values of options granted were estimated on their dates of grant using the Black-Scholes option pricing model as follows:

| Grant Date | Expiry Date | Options Granted (Units) | Exercise Price ($) | Market Price ($) | Risk Free Interest Rate | Expected Volatility Range | Average Expected Life | Expected Dividend Yield | Fair Values ($) |
|---|---|---|---|---|---|---|---|---|---|
| Nov. 24, 2009 | Nov. 24, 2014 | 367,196 | 0.10 | 0.054 | 2.54% | 100% | 5 years | 0% | 13,219 |
| Nov. 10, 2010 | Nov. 11, 2012 | 491,402 | 0.10 | 0.04 | 1.57% | 114% | 2 years | 0% | 7,221 |
| Apr. 25, 2011 | Apr. 1, 2013 | 865,000 | 0.20 | 0.20 | 1.83% | 171% | 2 years | 0% | 130,975 |
| | | 1,723,598 | | | | | | | 151,415 |

| Exercise Price ($) | Expiry Date | Number of Options Outstanding | Number of Exercisable Options | Weighted Average Remaining Contractual Life (in years) |
|---|---|---|---|---|
| 0.10 | Nov. 24, 2014 | 173,598 | 173,598 | 2.98 |
| 0.10 | Nov. 11, 2012 | 401,402 | 401,402 | 0.95 |
| 0.20 | Apr. 1, 2013 | 845,000 | 730,000 | 1.33 |
| | | 1,420,000 | 1,305,000 | 1.00 |

*Compensation options summary:*

| Issue Date | Expiry Date | Options Issued, outstanding and exercisable | Exercise Price ($) | Market Price ($) | Risk Free Interest Rate | Expected Volatility Range | Average Expected Life | Expected Dividend Yield | Fair Values ($) |
|---|---|---|---|---|---|---|---|---|---|
| Dec. 22, 2010 | Dec. 22, 2012 | 492,000 | 0.20 | 0.20 | 1.66% | 190% | 2 years | 0% | 81,180 |
| Feb. 8, 2011 | Feb.8, 2013 | 312,000 | 0.20 | 0.20 | 1.88% | 180% | 2 years | 0% | 49,920 |
| Mar. 23, 2011 | Mar. 23, 2013 | 216,000 | 0.20 | 0.20 | 1.68% | 172% | 2 years | 0% | 33,696 |
| | | 1,020,000 | | | | | | | 164,796 |

*Contributed surplus summary:*

| | |
|---|---|
| Balance, November 30, 2009 | $ 13,219 |
| Stock option compensation | 7,221 |
| Balance, November 30, 2010 | 20,440 |
| | |
| Stock option compensation | 124,564 |
| Fair value of compensation options | 164,796 |
| Fair value of stock options exercised | (3,496) |
| | |
| Balance, November 30, 2011 | $ 306,304 |

## 10. Share capital (continued)

*Warrants summary:*

The Company issued warrants in connection with private placements and is disclosed as a separate component of shareholders' equity. The fair values of the associated warrants were estimated on their dates of issue using the Black-Scholes option pricing model as follows:

| Issue Date | Expiry Date | Number of Warrants | Exercise Price ($) | Market Price ($) | Risk Free Interest Rate | Expected Volatility Range | Average Expected Life | Expected Dividend Yield | Fair Values ($) |
|---|---|---|---|---|---|---|---|---|---|
| Nov. 1, 2010 | Nov. 1, 2012 | 2,639,290 | 0.20 | 0.10 | 1.41% | 147% | 2 years | 0% | 158,357 |
| Dec. 22, 2010 | Dec. 22, 2012 | 5,075,000 | 0.40 | 0.20 | 1.66% | 190% | 2 years | 0% | 766,326 |
| Feb. 8, 2011 | Feb. 8, 2013 | 3,512,500 | 0.40 | 0.20 | 1.88% | 188% | 2 years | 0% | 509,313 |
| Mar. 23, 2011 | Mar. 23, 2013 | 2,300,000 | 0.40 | 0.20 | 1.68% | 172% | 2 years | 0% | 319,700 |
| Apr. 27, 2011 (1) | Apr. 27, 2013 | 761,250 | 0.40 | 0.20 | 1.66% | 190% | 2 years | 0% | 114,949 |
| June 13, 2011 (1) | June 13, 2013 | 526,875 | 0.40 | 0.20 | 1.88% | 180% | 2 years | 0% | 76,397 |
| July 28, 2011 (1) | July 28, 2013 | 345,000 | 0.40 | 0.20 | 1.68% | 172% | 2 years | 0% | 47,955 |
| Balances, November 30, 2011 | | 15,159,915 | | | | | | | 1,992,996 |

(1) Issued pursuant a penalty clause in their respective private placement agreements as described in sub-notes 6, 7 and 8 in "Common shares summary" above.

## 11. Basic and diluted loss per share

Basic and diluted loss per share for the year ended November 30, 2011 is computed on the basis of the loss of $873,302 (2010 - $169,028) and the weighted average number of common shares outstanding during the year of 23,924,105 (2010 - 5,258,371). Diluted loss per share is the same as basic loss per share as the outstanding options and warrants are anti-dilutive.

## 12. Segmented information

The Company's operations comprise a single reporting operating segment engaged in resource exploration through investing in resource properties. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for loss for the year also represent segment amounts. All of the Company's operations and assets are situated in Canada.

## 13. Income taxes

Future income tax liabilities:

| | 2011 ($) | 2010 ($) |
|---|---|---|
| Future income tax liability as a result of flow-through renunciation of mineral expenditures | 106,963 | - |
| Future income tax assets utilized against future income tax liabilities | (106,963) | |
| | - | - |

## 13. Income taxes (continued)

The Company has one future income tax asset as follows:

| | 2011 ($) | 2010 ($) |
|---|---|---|
| Non-capital losses carried forward | 380,451 | 157,347 |
| Mineral interest | 9,503 | 9,503 |
| Share issuance cost | 48,869 | - |
| Property and equipment vs. undepreciated capital cost | 1,907 | - |
| | 440,730 | 166,850 |
| Utilized against future income tax liabilities | (106,963) | - |
| Valuation allowance | (333,767) | (166,850) |
| Future tax asset | - | - |

The potential income tax benefits of these carry-forward non-capital losses and mining interest have not been recognized in the financial statements as the realization thereof is not more likely than not.

The Company had a future income tax liability in the amount of $106,963. This was offset by the applicable of future income tax assets available to the Company as at November 30, 2011.

The following reconciles the expected income tax recovery to the amount recognized in the statements of operations:

| | 2011 ($) | 2010 ($) |
|---|---|---|
| Loss before income taxes | (980,265) | (169,028) |
| Income tax recovery at combined federal and provincial rates of 28.48% and 31.17% respectively | (279,179) | (52,686) |
| Stock option compensation | 35,479 | 2,251 |
| Difference in tax rates | 90,810 | 6,220 |
| Change in valuation allowance | 166,917 | 25,201 |
| Future tax assets utilized | 106,963 | - |
| Other components | (14,025) | 19,014 |
| Income tax recovery | 106,963 | - |

As at November 30, 2011 the Company had non-capital losses available for carry-forward which may be carried forward to reduce taxable income in future years. The losses expire as follows:

| Year of expiry | Amount ($) |
|---|---|
| 2014 | 72,000 |
| 2015 | 81,000 |
| 2026 | 70,600 |
| 2027 | 90,000 |
| 2028 | 91,000 |
| 2029 | 98,800 |
| 2030 | 124,000 |
| 2031 | 892,400 |
| | 1,519,800 |

## 14. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted as at November 31, 2011.

## 15. Subsequent events

### Private placement financings

December 30, 2011

On December 30, 2011, the Company completed a non-brokered private placement of 1,075,000 flow through units ("Units") at the price of $0.20 per Unit in the capital of the Company for gross proceeds of $215,000 (the "December Offering"), of which $20,000 of the Units were subscribed for by an officer and a director of the Company. The securities issued pursuant to the December Offering are subject to a statutory four month hold period until May 1, 2012.

Each Unit is comprised of one (1) flow through share and one (1) common share purchase warrant (the "December Warrant"). Each December Warrant entitles the holder thereof to purchase one common share at an exercise price of $0.50 per common share at any time up to and including December 29, 2013. The expiry date of the December Warrant may be accelerated to a date that is thirty days from the fifteenth ($15^{th}$) consecutive trading day on which the shares of the Company close at or above $0.75, provided that it occurs four months and a day after the closing date, being May 1, 2012.

In connection with the December Offering, the Company paid finder's fees totalling $10,500 cash and a total of 52,500 compensation options (the "December Compensation Options"). Each December Compensation Option entitles the holder thereof to acquire one (1) Unit at an exercise price of $0.20 per Unit at any time up to and including December 29, 2013. All finder's fees and December Compensation Options were paid to parties acting at arm's length to the Company.

March 22, 2012

On March 22, 2012, the Company completed a non-brokered private placement of 1,000,000 flow through units ("Units") at the price of $0.20 per Unit in the capital of the Company for gross proceeds of $200,000 (the "March Offering"). The securities issued pursuant to the March Offering are subject to a statutory four month hold period until July 23, 2012.

Each Unit is comprised of one (1) flow through share and one (1) common share purchase warrant (the "March Warrant"). Each March Warrant entitles the holder thereof to purchase one common share at an exercise price of $0.25 per common share at any time up to and including March 22, 2016.

In connection with the Offering, the Company paid finder's fees totalling $16,000 cash and a total of 80,000 compensation options (the "March Compensation Options"). Each March Compensation Option entitles the holder thereof to acquire one (1) Unit at an exercise price of $0.20 per Unit at any time up to and including March 22, 2016. All finder's fees and March Compensation Options were paid to parties acting at arm's length to the Company.

### 15. Subsequent events (continued)

**Stock options**

Subsequent to the year end, an officer and a director of the Company had exercised 250,000 stock options at an exercise price of $0.10 per share.

Subsequent to the year end, the board of directors had granted a total of 2,612,500 in new stock options to its officers, directors, employees and consultants pursuant to the terms of the Company's stock option plan. The options are exercisable at $0.20 per common share and will expire on October 1 2013 as to 1,055,000 shares, January 1 2014 as to 527,500 shares and June 1 2014 as to 1,030,000 shares.