PROMINEX RESOURCE CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2012 AND 2011

(Expressed in Canadian Dollars)

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Prominex Resource Corp. trades on the TSX Venture Exchange under the symbol PXR

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FINANCIAL STATEMENTS
FOR YEARS ENDED APRIL 30th, 2012 AND 2011

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Independent auditor's report

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To the Shareholders of

Prominex Resource Corp.

We have audited the accompanying financial statements of Prominex Resource Corp., which comprise the statements of financial position as at April 30, 2012, April 30, 2011 and May 1, 2010, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended April 30, 2012 and April 30, 2011, 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 International Financial Reporting Standards, 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.

Auditor's 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 audit 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 in our audits 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 Prominex Resource Corp. as at April 30, 2012, April 30, 2011 and May 1, 2010, and its financial performance and its cash flows for the years ended April 30, 2012 and April 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of matter

The accompanying financial statements have been prepared assuming that Prominex Resource Corp. will continue as a going concern. Without modifying our opinion, we draw attention to Note 1 to the financial statements, which indicate that the Company incurred accumulated losses of $9.6 million to April 30, 2012 and, as of that date, the Company has no sources of revenue. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Grant Thornton LLP

St. John's, Canada

August 27, 2012

Chartered accountants

PROMINEX RESOURCE CORP.

FINANCIAL STATEMENTS
FOR YEARS ENDED APRIL 30
STATEMENTS OF FINANCIAL POSITION

	As at April 30, 2012 $	As at April 30 2011 (Note 12) $	As at May 1 2010 (Note 12) $
Assets			
Current Assets			
Cash & Cash Equivalents	400	290,103	67,568
Receivables	183,093	33,407	35,879
Prepaid Expenses	1,289	14,518	-
	184,782	338,028	103,447
Non-current Assets			
Exploration & Evaluation Assets (Note 5)	1,857,826	1,694,938	1,658,246
	2,042,608	**2,032,966**	**1,761,693**
Liabilities			
Current Liabilities			
Payables and Accruals	601,347	549,695	490,490
Shareholders' Equity			
Share Capital (Note 6)	8,342,503	8,168,785	7,892,835
Warrants (Note 6)	13,900	152,800	538,136
Contributed Surplus (Note 6)	2,723,419	2,570,619	1,921,183
Deficit	(9,638,561)	(9,408,933)	(9,080,951)
Total Equity	1,441,261	1,483,271	1,271,203
Total Liabilities and Shareholders' Equity	**2,042,608**	**2,032,966**	**1,761,693**

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 13)

On behalf of the Board

"Allan Innes"	*"Gordon Barron"*
Director	Director

The accompanying notes form an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE LOSS

	For The Years Ended April 30	
	2012	**2011**
	$	**$**
REVENUE:		
Interest revenue	13	-
EXPENSES:		
Audit	39,813	30,000
Bank charges & interest	7,193	8,483
Consulting wages & benefits	119,925	114,671
Legal Fees	6,302	1,393
Marketing	1,799	-
Meals and Entertainment	1,353	1,461
Office	2,932	8,108
Regulatory fees	8,755	10,844
Rent	15,462	25,606
Secretarial services	3,945	2,890
Shareholder information	6,245	4,961
Stock based compensation	-	111,300
Training	2,944	-
Transfer agent & shareholder	12,785	6,482
Travel & entertainment	188	1,783
	229,641	327,982
Net loss and total comprehensive loss	(229,628)	(327,982)
Weighted average number of shares outstanding, basic and diluted	60,435,958	49,809,150
Loss per share, basic and diluted	(0.004)	(0.007)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

	Common Share Without Par Value					Total
				Contributed		Shareholders'
	Shares	Amount	Warrants	Surplus	Deficit	Equity
	No.	$	$	$	$	$
Balance, May 1, 2010	**49,325,890**	**7,892,835**	**538,136**	**1,921,183**	**(9,080,951)**	**1,271,203**
Private Placement at $0.05 per Unit	8,995,000	296,950	152,800	-	-	449,750
Share Issuance Costs	-	(21,000)	-	-	-	(21,000)
Expiry of Warrants	-	-	(538,136)	538,136	-	-
Share-based Payments	-	-	-	111,300	-	111,300
Comprehensive Loss for the Year	-	-	-	-	(327,982)	(327,982)
Balance, April 30, 2011	**58,320,890**	**8,168,785**	**152,800**	**2,570,619**	**(9,408,933)**	**1,483,271**
Private Placement at $0.05 per Unit	4,000,000	186,100	13,900	-	-	200,000
Share Issuance Costs	-	(12,382)	-	-	-	(12,382)
Expiry of Warrants	-	-	(152,800)	152,800	-	-
Comprehensive Loss for the Year	-	-	-	-	(229,628)	(229,628)
Balance, April 30, 2012	**62,320,890**	**8,342,503**	**13,900**	**2,723,419**	**(9,638,561)**	**1,441,261**

PROMINEX RESOURCE CORP.

FINANCIAL STATEMENTS
FOR YEARS ENDED APRIL 30, 2012 AND 2011
STATEMENTS OF CASH FLOWS

	For the Years Ended April 30	
	2012	**2011**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(Note 12)**
Operating		
Net Loss	$ (229,628)	$ (327,982)
Stock Based Compensation	-	111,300
	(229,628)	(216,682)
Change In Non-Cash Working Capital		
Receivables	(149,686)	2,472
Prepaid Expenses	13,229	(14,518)
Payables and Accruals	54,335	3,342
	(311,750)	(225,386)
Investing		
Exploration and Evaluation Expenditures	(162,888)	(36,692)
Financing		
Issuance of Common Shares and Warrants	200,000	449,750
Advances (to) from Related Parties	(2,683)	55,863
Share Issuance Costs	(12,382)	(21,000)
	184,935	484,613
Increase (decrease) in Cash & Cash Equivalents	(289,703)	222,535
Cash & Cash Equivalents, beginning of year	290,103	67,568
Cash & Cash Equivalents, end of year	$ 400	$ 290,103

1. NATURE OF OPERATIONS AND GOING CONCERN

Prominex Resource Corp. (the "Company") is continued under the Canada Business Corporations Act and its principal business activity is the exploration and evaluation of mineral assets. The address of the Company's head office is 1001-1010 Howe Street, Vancouver, British Columbia, Canada V6Z 1P5.

The Company's shares are publicly traded on the TSX Venture Exchange under the ticker symbol PXR. These financial statements were authorized for issue in accordance with a resolution of the Directors on August XX, 2012.

The Company is in the exploration stage and is in the process of exploring and evaluation of mineral property assets in Canada, and has not yet determined whether these properties contain economic reserves. While these financial statements have been prepared based on accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business, several adverse conditions could cast doubt upon the validity of this assumption. The Company has accumulated losses of $9.6 million to April 30, 2012 ($9.4 million to April 30, 2011). As at April 30, 2012, the Company has negative working capital of $416,565. The Company will require additional funds in order to cover on-going administrative costs and settle current creditor amounts. Management intends to work with vendors and other creditors to have them delay on demanding amounts due while it pursues financing options that would provide the Company with sufficient cash to repay its creditors and support ongoing operations. If the Company is to advance or develop its exploration and evaluation assets further, it will be necessary to obtain additional financing. While the Company has been successful in the past, there can be no assurance that the Company will be able to obtain the required short term funding, or additional exploration financing required in order to satisfy current creditors, develop its mineral property assets, achieve profitability and generate positive cash flows.

The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete their development, and upon future profitable production or proceeds from the disposition of its interests. The amounts shown as exploration and evaluation assets represent net costs to date and do not necessarily represent present or future values. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported loss and the balance sheet classifications used.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Company's first annual IFRS financial statements. Previously, the Company prepared its annual financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The adoption of IFRS resulted in changes to the Company's accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have

been applied consistently to all periods presented. They also have been applied in the preparation of an opening IFRS statement of financial position as at May 1, 2010, as required by IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from Canadian GAAP is explained in Note 12. This note includes reconciliations of equity and total comprehensive loss for comparative periods and of equity at the date of transition reported under previous Canadian GAAP to those reported for those periods and at the date of transition under IFRS.

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for financial instruments and share-based payments that have been measured at fair value.

(c) Presentation Currency

The Company's presentation currency and functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the entity operates.

2.1 Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make estimates, judgments, and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments, and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from the estimated amounts as future confirming events occur and more information is obtained by management. The more significant areas are described below.

Share-based compensations
The amounts recorded for share-based payment transactions are based on estimates. The Black-Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend rate, risk-free interest rate and expected life of the options. By their nature, these estimates are subject to measurement uncertainty, and could materially impact the financial statements.

Exploration and evaluation expenditures
The recoverability of amounts shown for exploration and evaluation assets is dependent on the discovery of economical reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition.

Restoration, rehabilitation and environmental obligation
Management's assumption of no material restoration, rehabilitation and environmental obligation is based on the facts and circumstances that existed during the period.

Income taxes
Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred tax assets also result from unused loss carry-forwards and other deductions. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which losses or other deductions can be utilized.

2.2 Significant accounting policies

The following are the significant accounting policies for the Company:

(a) Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Company's joint venture consists of a jointly-controlled asset. A jointly-controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity. Where the Company's activities are conducted through jointly-controlled assets, the Company recognized its share of the jointly-controlled assets and liabilities it has incurred, its share of liabilities incurred jointly with other venturers, and exploration and evaluation costs in the financial statements.

(b) Cash and Cash Equivalents

Cash and cash equivalents consists of cash, deposits in banks and highly liquid investments with an original maturity of ninety days or less.

(c) Foreign Currency Translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period-end exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the statement of loss and comprehensive loss.

(d) Revenue Recognition

The Company currently has no revenue from active mining operations. Interest revenue is recognized in the period in which it is earned.

(e) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties and development assets within property, plant and equipment and carried at cost until the properties to which they relate are placed into commercial production, sold, abandoned or determined by management to be impaired in value.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management's judgement that none of the Company's exploration and evaluation assets has reached the development stage and as a result are all considered exploration and evaluation assets.

The Company has determined that there is no impairment of exploration and evaluation assets.

Exploration and evaluation assets are not depleted.

(f) Impairment of Non-Financial Assets

The Company's tangible assets are reviewed for indicators of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. Long-lived assets that are not amortized are subject to an annual impairment assessment.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company considers each mineral property to be a cash-generating unit. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying

amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

(g) Share-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees, and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense or charged to exploration and evaluation assets as appropriate, with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

(h) Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable regarding previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Loss per Share

Loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(j) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss, components of other comprehensive income and cumulative translation adjustments are presented in the statements of comprehensive loss and the statements of changes in equity.

(k) Flow-through Shares

The Company will issue, from time to time, flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that qualifying deferred tax assets are available.

(l) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work,

discounted to their net present value, are provided for, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount, or timing of the underlying cash flows needed to settle the obligation.

To date the Company has not incurred any obligations for remediation of its exploration and evaluation assets.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense (notional interest).

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

(n) Financial instruments

Financial Assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of financial assets not classified as fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and cash equivalents, and receivables, which are classified as loans and receivables.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Cash and cash equivalents and receivables are recorded through this category. Loans and receivables are subsequently measured at amortized cost using the effective interest method.

De-recognition

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that has been recognized directly in equity is recognized in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or as other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, plus directly attributable transaction costs.

The Company's financial liabilities include payables.

Subsequent measurement

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized.

Payables are classified as other financial liabilities.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(o) Accounting Standards Issued but not yet Effective

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's interim financial statements for the period beginning May 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 9.

The IASB issued the following standards, effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, which have not yet been adopted by the Company. The Company has not yet begun to assess the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

a) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements
b) defines the principle of control, and establishes control as the basis for consolidation
c) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee
d) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC12 Consolidation—Special Purpose Entities.

IFRS 11 Joint Arrangements establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 Disclosure of Involvement with Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement is a comprehensive standard for fair value measurement and disclosure requirements across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 27 Separate Financial Statements has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

International Financial Reporting Interpretations Committee 20 (IFRIC 20) “Stripping Costs in the Production Phase of a Surface Mine” requires stripping costs incurred during the production phase of a surface mine to be capitalized as part of the asset, if certain criteria are met, and depreciated on a units of production basis unless another method is more appropriate.

3. CAPITAL MANAGEMENT

The Company manages its capital to maintain adequate levels of funding to support the acquisition of exploration and evaluation assets and to maintain the necessary corporate and administrative functions to support these activities. The capital structure consists of shareholders' equity comprised of share capital, contributed surplus, warrants and deficit. The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities and therefore, does not have a numeric target for its capital structure. There were no changes to the Company's approach to capital management during the year ended April 30th, 2012. The Company does not have any covenants respecting its capital ratios.

4. FLOW THROUGH FINANCING AND SHARE PREMIUM LIABILITY

The Company recognizes a flow through share premium liability when it issues flow-through shares equal to the estimated premium, if any, that investors pay for the flow through feature. The liability is reduced pro-rata as the flow-through share expenditures are incurred.

The Company raised $200,000 on a flow through unit offering during 2011. The investors did not pay a premium and no premium liability was incurred.

The issuance of flow-through common shares requires the renunciation of Canadian Exploration Expenditures (“CEE”) in the amount of equal value to the common shares issued for the benefit of those shareholders that purchased those flow-through common shares. In accordance with income tax legislation of Canada, the Company must incur CEE in the year of renunciation or in the subsequent year, otherwise a tax penalty may apply.

Under the terms of the Company’s flow through share agreement, the Company is required to spend and renounce qualifying CEE as defined by the Income Tax Act Canada.

The Company has undertaken to guarantee to flow through shareholders that these expenditures qualify as CEE, if not, is subject to reassessment and tax penalties may apply.

5. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets are all located in Newfoundland and Labrador, Canada. The Company has investigated title to all of its exploration and evaluation assets and all of its properties are in good standing.

5.1 Tulks Hill

On December 15, 2005, the Company entered into an option agreement to acquire a 51% interest in a property known as Tulks Hill located in central Newfoundland. On November 7, 2007, the Company earned a 51% interest by completing the requirements under the option agreement and since then has been the operator of an unincorporated joint venture with Buchans Minerals Corporation (TSX: V-BMC). On July 22, 2008, the joint venture received an NI 43-101 Technical Report on the Tulks Hill property. The property is subject to Net Smelter Return royalties ranging from 2% to 2.25% on certain of the claims. No expenditures are required until 2013.

5.2 Lake Bond

On December 28, 2006, the Company entered into an option agreement (the "Reid Option Agreement") to acquire a 100% interest (the "Option") in a property known as Reid Lot 50, Lake Bond (the "Reid Property") located in central Newfoundland. Under the terms of the original Reid Option Agreement, in order to acquire the Option, the Company must expend $50,000 on exploration and development of the Reid Property by October 17, 2010. The Reid Option Agreement has been extended to September 30, 2012 allowing the Company additional time to complete the expenditures. The property is subject to a Net Smelter Return royalty of 2%, of which the Company can purchase 1% for $1,000,000.

A summary of exploration and evaluation assets as at April 30, 2012, April 30, 2011 and May 1, 2010, is as follows:

	Balance April 30, 2011 $	Acquisition Costs $	Exploration Expenditures $	Write-downs $	Balance April 30, 2012 $
Tulks Hill	1,623,852	-	157,388	-	1,781,240
Lake Bond	71,086	-	5,500	-	76,586
	1,694,938	-	162,888	-	1,857,826

	Balance May 1, 2010 $	Acquisition Costs $	Exploration Expenditures $	Write-downs $	Balance April 30, 2011 $
Tulks Hill	1,604,274	-	19,578	-	1,623,852
Lake Bond	53,972	-	17,114	-	71,086
	1,658,246	-	36,692	-	1,694,938

6. SHARE CAPITAL

6.1 Authorized

The Company is authorized to issue unlimited common shares without par value.

6.2 Issued and Outstanding

Common shares issued	62,320,890
Options outstanding	3,700,000
Warrants outstanding	4,000,000

6.3 Private Placements

The Company closed a non-brokered flow-through Unit private placement of up to 4,000,000 flow through units ("Units") at CAD $0.05 per unit. Each unit consisted of one flow through common share ("Common Share") and one full flow through common share purchase warrant ("Warrant"). Each warrant will be exercisable at CAD $0.10 into one flow through common share for a period of 12 months from the Closing date. The Company closed the private placement on October 19th, 2011.

The following summarizes the share transactions during the year ended April 30th, 2012 and 2011.

	2012		2011	
	Number	**$**	**Number**	**$**
Balance, beginning of year	58,320,890	8,168,785	49,325,890	7,892,835
Issued for cash from:				
Private placements	4,000,000	200,000	8,995,000	449,750
Share issuance costs	-	(12,382)	-	(21,000)
Share warrants	-	(13,900)	-	(152,800)
Balance, end of year	62,320,890	8,342,503	58,320,890	8,168,785

6.4 Share Purchase Warrants

The change in warrants during the twelve months ended April 30th, 2012 and 2011 is as follows:

	2012		2011	
	Number	**Weighted Average Exercise Price ($)**	**Number**	**Weighted Average Exercise Price ($)**
Outstanding, beginning of year	8,995,000	0.10	20,190,000	0.11
Issued	4,000,000	0.10	8,995,000	0.10
Expired	8,995,000	0.10	20,190,000	0.11
Outstanding, end of year	4,000,000	0.10	8,995,000	0.10

The following table provides detailed information about warrants outstanding as at April 30, 2012:

Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
4,000,000	0.10	October 19, 2012	.47

The following table provides detailed information about warrants outstanding as at April 30, 2011:

Warrants Outstanding	Exercise Price ($)	Expiry Date	Weighted Average Remaining Contractual Life in Years
1,760,000	0.10	January 19, 2012	.75
7,235,000	0.10	April 29, 2012	1.0

The weighted average fair value of the private placement warrants issued during the year ended April 30, 2012 was $13,900. The fair value of these share warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	-
Expected stock price volatility	66%
Risk-free interest rate	0.94%
Expected warrant life in years	1

The weighted average fair value of the private placement warrants issued during the year ended April 30, 2011 was $152,800. The fair value of these share warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 2011 Placement	Jan, 2011 Placement
Expected dividend yield	-	-
Expected stock price volatility	122%	104%
Risk-free interest rate	1.38%	1.29%
Expected warrant life in years	1	1

6.5 Share Based Payments

Share Purchase Options

The Company has adopted a formal stock option plan, which follows the TSX Venture Exchange (TSX-V) policy under which it is authorized to grant options to directors and employees to acquire up to 10% of issued and outstanding common stock. Under the plan, the exercise price of each option equals the discounted market price

of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years and options issued to consultants are subject to a vesting provision whereby 25% become exercisable every three months over a period of 12 months.

The change in stock options during the years ended April 30, 2012 and 2011

		Weighted-Average
		Exercise Price
	Number of Options	$
At May 1, 2010	500,000	0.11
Expired	(500,000)	(0.11)
Issued	3,700,000	0.10
At April 30, 2011	3,700,000	0.10
Expired	-	-
Issued	-	-
At April 30th, 2012	**3,700,000**	**0.10**

The fair value of the stock options issued during the year ended April 30, 2011, has been estimated using a Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, expected volatility of 105%, risk-free interest rate of 2.56% and expected life of five years.

The following table summarizes information about stock options outstanding at April 30, 2012

Exercise Price	Options Outstanding and	Options	Remaining Contractual Life
$	Exercisable	Not Vested	(in years)
0.10	3,700,000	nil	3.72

The following table summarizes information about stock options outstanding at April 30, 2011

Exercise Price	Options Outstanding and	Options	Remaining Contractual Life
$	Exercisable	Not Vested	(in years)
0.10	3,700,000	nil	4.75

7. RELATED PARTY TRANSACTIONS

The Company's related parties consist of executive officers and directors, the spouse of an executive officer, companies controlled by executive officers and directors, and a joint venture partner.

During the years ended April 30, 2012 and 2011 the Company paid or accrued the following amounts to related parties:

		Twelve months ended April 30	
		2012	2011
		$	$
Related party	**Item**		
Director	Rent charged to statement of loss	15,462	18,468
Key management personnel	Fees charged to statement of loss	155,483	133,605
	Fees charged to mineral properties	31,500	20,000
	Share based payments charged to statement of loss	nil	111,300
	Share based payments charged to mineral properties	nil	nil
	Post retirement and other long term benefits	nil	nil
	Termination benefits charged to statement of loss	nil	nil

Included in receivables is an amount of $161,690 (2011 - $Nil) owing from a joint venture partner.

Included in payables and accruals amounts owing to related parties of $373,481 (2011 -$376,164) as follows.

	2012	2011
Former directors and director controlled company	$ 109,502	$ 109,502
CEO and president	182,738	178,348
CFO and director	21,812	22,120
Independent directors	5,700	12,465
Former directors	53,729	53,729
Total	$ 373,481	$ 376,164

These transactions, which were incurred in the normal course of operations, have been recorded at their exchange amounts, being the amounts agreed to by the related parties. Theses balances are non-interest bearing and currently due

8. INCOME TAXES

Deferred taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2012	2011
Loss before income tax recovery	$ (229,628)	$ (327,982)
Statutory tax rate	30.00	32.00
Expected income tax recovery	(68,888)	(104,954)
Value of tax losses not recognized	73,176	81,263
Effect of change in current and future tax rates	-	44,994
Permanent differences	(4,288)	(21,303)
Actual income tax provision (recovery)	$ -	$ -

The reduction of the combined Canadian federal and provincial statutory income tax rate includes the federal rate reduction of 1.5% for 2012.

The Company has non-capital losses totalling $2,695,773 which may be carried forward and applied against taxable income in future years. These losses, if unutilized, will expire as follows:

2014	$ 133,249
2015	111,521
2026	175,993
2027	323,923
2028	629,371
2029	404,192
2030	413,404
2031	260,199
2032	243,921
	$ 2, 695,773

The Company also has certain resource exploration and development expenditures totalling $3,913,791 (2011 - $3,913,791), which may be deducted against future taxable income on a discretionary basis and share issue costs totalling $25,256 (2011 - $29,966) which have not been claimed for income tax purposes.

The potential benefits of these losses and the resource deductions in excess of the carrying value of the exploration and evaluation asset amount has not been recognized as a deferred tax asset, as currently these amounts are uncertain to be realized.

9. FLOW-THROUGH PART XII.6 TAX, PENALTIES AND INDEMNIFICATION

Under the terms of the Company's flow-through share agreements, the Company is required to spend and renounce expenditures for exploration that are qualifying Canadian Exploration Expenditures ("CEE") as defined by the Income Tax Act Canada and has undertaken to warrant to shareholders that these expenditures qualify as CEE.

The Company has a liability for subscriber indemnification including $87,062 (2011 -$82,805) related to the shortfall in required expenditures related to a flow-through shares financing agreement in 2007.

10. FAIR VALUES

Set out below is a comparison by class of the carrying amount and fair value of the Company's financial instruments that are carried in the financial statements.

	Carrying Amount			Fair Value		
	April 30, 2012	**April 30, 2011**	**May 1, 2010**	**April 30, 2012**	**April 30, 2011**	**May 1, 2010**
Financial assets						
Cash & cash equivalents	$400	$290,103	$67,568	$400	$290,103	$67,568
Receivables	$183,093	$33,407	$35,879	$183,093	$33,407	$35,879
Financial liabilities						
Payables and Accruals	$601,347	$549,695	$490,490	$601,347	$549,695	$490,490

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, receivables, and payables and accruals approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company's financial instruments are measured at fair value using level 1 valuations.

11. FINANCIAL RISK MANAGEMENT

The Company’s activities expose it to a variety of financial risks: credit risk and liquidity risk.

11.1 Credit Risk

The Company’s financial assets are cash and cash equivalents and receivables. The Company holds its cash and cash equivalents with a Canadian chartered bank and the risk of default is considered to be remote. Receivables include a receivable from a joint exploration partner from which management believes the risk of loss to be limited based on historical experience.

11.2 Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

12. CONVERSION TO IFRS

12.1 Overview

These are the Company’s first financial statements prepared in accordance with IFRS. Previously, the Company prepared its financial statements in accordance with Canadian GAAP. The accounting policies described in Note 2 have been applied in the presentation of these annual financial statements, including all comparative information.

12.2 Changes to Accounting Policies

The Company has changed certain accounting policies to be consistent with IFRS effective or available for early adoption on April 30, 2012, the Company's first annual IFRS reporting date. Adoption of IFRS has had no material impact on the Company’s statements of cash flows for the years ended April 30, 2012 and 2011.

Mandatory exceptions adopted by the Company include estimates under IFRS that are consistent with those applied under Canadian GAAP (with adjustments for accounting policy differences) unless there is objective evidence those estimates were in error.

The optional exemption elected by the Company is to not apply IFRS 2, Share-based Payments to equity instruments that were granted after November 7, 2002 and vested prior to the Transition Date.

The changes to accounting policies and the impact on the Company’s financial statements are as follows:

(a) Share-based Payment Transactions

Under IFRS, each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case they are valued using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

Under Canadian GAAP, the fair value of stock-based awards to employees with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

The Company's accounting policies relating to share-based payment transactions have been changed to reflect these differences. There is no impact on the financial statements.

(b) Impairment of (non-financial) Assets

IFRS requires a write-down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP required a write-down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies relating to impairment of non-financial assets have been changed to reflect these differences and there is no impact on the financial statements.

(c) Restoration, Rehabilitation, and Environmental Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive restoration, rehabilitation, and environmental obligations, while Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. Management has determined that it has no legal or constructive obligations and accordingly, there is no impact on the financial statements.

(d) Flow-through Shares

The Company will issue, from time to time, flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. Under IFRS, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred,

the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that suitable deferred tax assets are available. Under Canadian GAAP, the Company recorded the tax cost of expenditures renounced to subscribers on the date the deductions were renounced to the subscribers. Share capital was reduced and future income tax liabilities were increased by the tax cost of expenditures renounced to the subscribers, except that the amount was recognized as a tax recovery to the extent that suitable future tax assets were available. The Company's accounting policies relating to flow through shares have been changed to reflect these differences.

The net effect of these changes at the transition date is an increase to share capital and an increase to deficit in the amount of $283,557.

(e) Provisions

Under IFRS, a provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Under Canadian GAAP, a liability was recognized for legal obligations.

The Company's accounting policies relating to provisions has been changed to reflect this difference and there is no impact on the financial statements.

(f) Reclassification within Shareholders' Equity

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the Transition Date, $538,136 relates to "Warrants" and as at April 30, 2011, $152,800 relates to "Warrants". As a result, a reclassification is necessary in the equity section between "Contributed surplus" and the "Warrants" for these amounts.

Reconciliation of Canadian GAAP to IFRS

The Canadian GAAP statement of financial position as at May 1, 2010, has been reconciled to IFRS as follows:

	May 1, 2010		
	Canadian GAAP	**Effect of Transition to IFRS**	**IFRS**
	$	**$**	**$**
Assets			
Current Assets			
Cash & Cash Equivalents	67,568	-	67,568
Receivables	35,879	-	35,879
	103,447	**-**	**103,447**
Non-current Assets			
Exploration & Evaluation Assets	1,658,246	-	1,658,246
	1,761,693	**-**	**1,761,693**
Liabilities			
Current Liabilities			
Payables & Accruals	490,490	-	490,490
Shareholders' Equity			
Share Capital (Note 12d)	7,609,278	283,557	7,892,835
Warrants (Note 12f)	-	538,136	538,136
Contributed Surplus (Note 12f)	2,459,319	(538,136)	1,921,183
Deficit (Note 12d)	(8,797,394)	(283,557)	(9,080,951)
Total equity	1,271,203	-	1,271,203
Total liabilities and shareholders' equity	**1,761,693**	**-**	**1,761,693**

The Canadian GAAP statement of financial position for the year ended April 30th, 2011 has been reconciled to IFRS as follows:

	April 30, 2011		
	Canadian GAPP $	Effect of Transition to IFRS $	IFRS $
Assets			
Current Assets			
Cash & Cash Equivalents	290,103		290,103
Receivables	33,407	-	33,407
Prepaid Expenses & Deposits	14,518		14,518
	338,028	-	338,028
Non-current Assets			
Exploration & Evaluation Assets	1,694,938	-	1,694,938
	2,032,966	**-**	**2,032,966**
Liabilities			
Current Liabilities			
Payables & Accruals	549,695	-	549,695
Shareholders' Equity			
Share Capital	7,885,228	283,557	8,168,785
Warrants (Note 12f)	-	152,800	152,800
Contributed Surplus (Note 12f)	2,723,419	(152,800)	2,570,619
Deficit (Note 12d)	(9,125,376)	(283,557)	(9,408,933)
Total Equity	1,483,271	-	1,483,271
Total Liabilities and Shareholders' Equity	**2,032,966**	**-**	**2,032,966**

The Canadian GAAP statement of comprehensive loss for the year ended April 30, 2011, has been reconciled to IFRS as follows:

	For The Year Ended April 30, 2011		
	Canadian GAAP $	Effect of Transition to IFRS $	IFRS $
Expenses			
Audit	30,000	-	30,000
Bank charges & interest	8,483	-	8,483
Consulting wages & benefits	114,671	-	114,671
Legal Fees	1,393	-	1,393
Meals and Entertainment	1,461	-	1,461
Office	8,108	-	8,108
Regulatory fees	10,844	-	10,844
Rent	25,606	-	25,606
Secretarial services	2,890	-	2,890
Shareholder information	4,961	-	4,961
Stock option compensation	111,300	-	111,300
Transfer agent & shareholder	6,482	-	6,482
Travel & entertainment	1,783	-	1,783
	327,982	-	327,982
Net loss being comprehensive loss	**(327,982)**	**-**	**(327,982)**

The Canadian GAAP statement of cash flows for the year ended April 30th, 2011 has been reconciled to IFRS as follows:

	For the Year Ended April 30, 2011		
	Canadian GAAP	Effect of Transition to IFRS	IFRS
	$	$	$
INCREASE IN CASH AND CASH EQUIVALENTS			
Operating			
Net loss	$ (327,982)		$ (327,982)
Stock based compensation	111,300		111,300
	(216,682)		(216,682)
Change In Non-Cash Working Capital			
Receivables	2,472		2,472
Prepaid expenses	(14,518)		(14,518)
Payables and accruals	3,342		3,342
	(225,386)		(225,386)
Investing			
Exploration and evaluation expenditures	(36,692)		(36,692)
	(36,692)		(36,692)
Financing			
Issuance of common shares and warrants	449,750		449,750
Advances from related parties	55,863		55,863
Share issue costs	(21,000)		(21,000)
	484,613		484,613
Increase in cash & cash equivalents	222,535		222,535
Cash & cash equivalents, beginning of year	67,568		67,568
Cash & cash equivalents, end of year	$ 290,103		$ 290,103

13. SUBSEQUENT EVENTS

On May 4, 2012, Buchans Minerals Corporation made their payment of $161,690 for their 49% share of the 2011 Tulks Hill exploration expenditures.

On May 22, 2012, the Company amended the private placement announced on January 20, 2012. The original offering included up to 11,000,000 units at $0.05 CDN per unit, consisting of one common share and one share purchase warrant, exercisable at $0.10 CDN into one common share for a period of 12 months from closing date. The offering has been amended to change the 11,000,000 units to 7,000,000 flow through units, consisting of one flow through common share and one-half a flow through common share purchase warrant, and 4,000,000 units, consisting of one common share and one share purchase warrant. On August 27, 2012 the Company cancelled this private placement.

On July 9, 2012, the Company approved the grant of 1,200,000 stock options to the independent directors of the Company. Each stock option is exercisable for one common share of the Company for a period of five years from the grant date at an exercise price of $0.10. All other terms and conditions of the stock options are in accordance with the Company's Stock Option Plan.