EXPLORATION SCHYAN EXPLORATION INC.

Unaudited Interim Condensed Financial Statements

For the periods ended
June 30, 2012 and 2011

EXPLORATION **SCHYAN** EXPLORATION INC.

MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The accompanying unaudited interim condensed financial statements of Schyan Exploration Inc. / Exploration Schyan Inc. [the "Company"] are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited interim condensed financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting and IFRS 1 - First-Time Adoption of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Mitch Lavery"
President and Chief Executive Officer

"George Rayfield"
Treasurer

NOTICE TO READER

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed financial statements for the three and six months ended June 30, 2012 and 2011 have not been reviewed by the Company's auditors.

EXPLORATION **SCHYAN** EXPLORATION INC.

Statements of Financial Position
(Expressed in Canadian Dollars)

As at	June 30, 2012	December 31, 2011
	$	$
Assets		
Current Assets		
Cash and cash equivalents *(Note 6)*	**213,780**	180,372
Short-term investments *(Note 7)*	**91,000**	128,000
Trade and other receivables *(Note 8)*	**3,321**	13,404
Total assets	**308,101**	321,776
Liabilities		
Current Liabilities		
Trade and other payables *(Note 9)*	**144,760**	144,950
Due to related parties *(Note 10)*	**218,128**	206,051
Total liabilities	**362,888**	351,001
Shareholders' Equity		
Capital Stock *(Note 12)*	**531,694**	531,694
Share-based Payment Reserves *(Note 13)*	**36,262**	36,262
Deficit	**(622,743)**	(597,181)
Total shareholders' equity	**(54,787)**	(29,225)
Total liabilities and shareholder' equity	**308,101**	321,776

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 15)

APPROVED ON BEHALF OF THE BOARD ON AUGUST XX, 2012:

Signed "James N. Fairbairn"
Director

Signed "George W. Rayfield"
Director

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

EXPLORATION SCHYAN EXPLORATION INC.

Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	**2012**	2011
	$	$	**$**	$
Revenue				
Interest Income	**-**	1,421	**-**	1,421
Administrative Expenses				
General and administrative	**2,358**	2,353	**4,748**	4,783
Shareholder information	**1,217**	922	**4,128**	2,090
Investor relations and travel	**3,882**	2,780	**7,395**	5,706
Exploration and evaluation expenditures *(Note 14)*	**(43,697)**	55,208	**(43,697)**	59,083
Professional fees (Note 11)	**12,209**	15,309	**15,988**	18,334
	24,031	(76,642)	**11,438**	(89,996)
Loss before the undernoted	**24,031**	(75,221)	**11,438**	(88,575)
Change in fair value of short-term investment	**(12,000)**	(128,000)	**(37,000)**	(135,000)
Net Income (Loss) and comprehensive income (loss) for the period	**12,031**	(203,221)	**(25,562)**	(223,575)
Income (Loss) per share - basic and diluted	**0.00**	(0.05)	**(0.01)**	(0.06)
Weighted average number of shares outstanding – basic	**3,961,372**	3,961,372	**3,961,372**	3,961,372
Weighted average number of shares outstanding –diluted	**3,961,372**	3,961,372	**3,961,372**	3,961,372

EXPLORATION SCHYAN EXPLORATION INC.

Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Capital Stock (Note 14)			Reserves						
	Number of shares		Amount		Share based payments		Warrants		Retained earnings (Deficit)		Total
Balance at December 31, 2010	3,961,372		531,694		36,012		250		(186,628)		381,328
Total comprehensive loss for the period	-		-		-		-		(223,575)		(223,575)
Balance at June 30, 2011	3,961,372	$	531,694	$	36,012	$	-	$	(410,203)	$	157,753
Expired warrants					250		(250)				-
Net loss for the year	-		-		-		-		(186,978)		(186,978)
Balance at December 31, 2011	**3,961,372**	**$**	**531,694**	**$**	**36,262**	**$**	**-**	**$**	**(597,181)**	**$**	**(29,225)**
Total comprehensive loss for the period	**-**		**-**		**-**		**-**		**(25,562)**		**(37,593)**
Balance at June 30, 2012	**3,961,372**	**$**	**531,694**	**$**	**36,262**	**$**	**-**	**$**	**(622,743)**	**$**	**(54,787)**

EXPLORATION SCHYAN EXPLORATION INC.

Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

Six months ended June 30,	**2012**	2011
	$	$
Operating activities		
Net Loss for the period	**(25,562)**	(223,575)
Adjustment to reconcile net loss to net cash used by operating activities:		
Change in fair value of short-term investment	**37,000**	135,000
	11,438	(88,575)
Net Change in non-working capital: items:		
Refundable provincial exploration tax credit	**(44,087)**	-
Due to related parties	**12,077**	10,371
Trade and other receivables	**10,083**	8,021
Trade and other payables	**(190)**	(3,824)
	(10,679)	(66,359)
Investing activities		
Proceeds from provincial exploration tax credit	**44,087**	-
	44,087	-
Increase (decrease) in cash and cash equivalents	**33,408**	(66,359)
Cash and cash equivalents at beginning of period (Note 6)	**180,372**	271,271
Cash and cash equivalents at end of period (Note 6)	**213,780**	204,912

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Schyan Exploration Inc. / Exploration Schyan Inc. (the "Company") was incorporated in Canada under the Business Corporations Act (Ontario) and carries on business in one segment, being the acquisition, exploration and development of mineral properties in Canada. The Company's registered and head office is located at 370 Steeles Avenue West, Suite 203, Thornhill, Ontario, L4J 6X1.

As at June 30, 2012, the Company had a working capital deficiency of $54,787 (December 31, 2011 - $29,225), had not yet achieved profitable operations, has accumulated losses of $622,743 (December 31, 2011 - $597,181) and expects to incur future losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiating contracts and political uncertainty.

Management plans to secure the necessary financing through a combination of the issue of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim financial statements were authorized by the Board of Directors of the Company on AUGUST XX, 2012.

2.2 Basis of presentation

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011 annual financial statements.

2.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, IFRS, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2012. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 7 '*Financial Instruments, Disclosures*' - effective for annual periods beginning on or after January 1, 2013, IFRS 7 has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements.
- IFRS 9 *'Financial Instruments: Classification and Measurement'* – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 '*Consolidated Financial Statements'* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 '*Joint Arrangements'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 '*Disclosure of Interests in Other Entities'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, 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'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

2.3 Adoption of new and revised standards and interpretations *(continued)*

- IAS 1 '*Presentation of Financial Statements'* - the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss.
- IAS 12 '*Income Taxes*' – In December 2010, effective for annual periods beginning on or after January 1, 2012, IAS 12 Income Taxes was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, *Income Taxes – recovery of revalued non-depreciable assets*, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.
- IAS 19 '*Employee Benefits*' - effective for annual periods beginning on or after January 1, 2013, a number of amendments have been made to IAS 19, which included eliminating the use of the "corridor" approach and requiring re-measurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.
- IAS 27 '*Separate Financial Statements*' - effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 '*Investments in Associates and Joint Ventures'* - effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee
- IAS 32 '*Financial instruments, Presentation'* – In December 2011, effective for annual periods beginning on or after January 1, 2013, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

3. CAPITAL MANAGEMENT

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts and retained earnings (deficit), which as at June 30, 2012 totaled ($54,787), (December 31, 2011 – ($29,225). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business

The Company's properties are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

3. CAPITAL MANAGEMENT (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years ended June 30, 2012 and 2011. The Company is not subject to externally imposed capital restrictions.

4. FINANCIAL INSTRUMENTS

Fair value

The Company has, designated its cash and cash equivalents and short-term investments as FVTPL, which are measured at fair value. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost.

As at June 30, 2012, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value of cash and cash equivalents and short-term investments are based on quoted market prices in active markets and are classified as level 1 financial instruments under the fair value hierarchy.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

a. **Cash and cash equivalents** – Cash and cash equivalents are held with major Canadian and therefore the risk of loss is minimal.

b. **Trade and other receivables** – The Company is not exposed to significant credit risk as this amount is due from the Canadian government.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at June 30, 2012, the Company had a working capital deficiency of $54,787, (December 31, 2011 - $29,225). In order to meet its longer-term working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its some or all of its interests and reduce or terminate its operations therein.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (continued)

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

b. Price risk

The Company holds the common shares of a TSX-traded company. The Company has classified this investment as FVTPL and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions

5. SENSITIVITY ANALYSIS

Based on management’s knowledge and experience of the financial markets, the Company believes the following movements are “reasonably possible” over a one year period:

The Company's investments are subject to fair value fluctuations. As at June 30, 2012, if the fair value of investments had decreased/increased by 25% net loss would have been approximately $22,750 (December 31, 2011 - $32,000) higher/lower. Similarly, as at June 30, 2012, reported equity would have been approximately $22,750 (December 31, 2011 - $32,000) lower/higher as a result of a 25% decrease/increase in the fair value of investments.

6. CASH AND CASH EQUIVALENTS

The balance at June 30, 2012, consists of $213,780 (December 31, 2011 - $180,372) on deposit with a major Canadian bank.

Cash and cash equivalents consists of the following:

	As at,	
	June 30, 2012	December 31, 2011
Cash	**$ 64,246**	$ 30,838
Cash equivalent	**149,534**	149,534
Total Cash and Cash Equivalents	**$ 213,780**	$ 180,372

(Expressed in Canadian Dollars)

7. SHORT-TERM INVESTMENTS

Short-term investments are comprised of 100,000 (December 31, 2011 – 100,000) common shares of Lake Shore Gold Inc., a publicly listed company. As at June 30, 2012, the short-term investment had a quoted market value approximating $91,000, (December 31, 2011 - $128,000). The impact to the financial statements of this revaluation to market value resulted in a decrease of $37,000 (December 31, 2011 – $288,000) to the value of the investments with a corresponding loss on change in fair value of short-term investment of $37,000 (December 31, 2011 – $288,000).

8. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from one main source: trade receivables: harmonized sales tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

	As at,	
	June 30, 2012	December 31, 2011
HST receivable	**$ 3,321**	$ 13,404
Total Trade and Other Receivables	**$ 3,321**	$ 13,404

At June 30, 2012, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 6.

The Company holds no collateral for any receivable amounts outstanding as at June 30, 2012.

9. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	June 30, 2012	December 31, 2011
Less than 1 month	**$ 2,748**	$ 5,662
Over 3 months	**142,012**	139,288
Total Trade and Other Payables	**$ 144,760**	$ 144,950

10. DUE TO RELATED PARTIES

	June 30, 2012	December 31, 2011
Balance, beginning of year	**$ 206,051**	$ 185,742
Transactions in the year:		
Related party reimbursements payable	**12,077**	20,309
Balance, end of year	**$ 218,128**	$ 206,051

The balances due to related parties are owing to a director and officer of the Company and are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

The remuneration of directors and members of key management personnel during the years ended June 30, 2012 and 2011 was as follows:

	2012		2011	
Aggregate compensation	$	-	$	-
Share-based payments	$	-	$	20,012
	$	-	$	20,012

12. CAPITAL STOCK

Capital Stock

The Company is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

	No. of Shares		$
Balance at January 1, 2010	3,941,372	$	529,944
Shares issued	20,000		2,000
Reclassified value of warrants issued	-		(250)
Balance at December 31, 2011 and June 30, 2012	**3,961,372**	**$**	**531,694**

	No. of Shares		$
Shares to be issued:			
Balance at January 1, 2010	**20,000**	**$**	**1,750**
Shares issued	(20,000)		(2,000)
Reclassified value of warrants issued	-		250
Balance at December 31, 2011 and June 30, 2012	**-**	**$**	**-**

During 2009, a director of the Company subscribed for 20,000 units at $0.10 per unit for gross proceeds of $2,000. Each unit consists of one common share and one-half of a share purchase warrant exercisable at $0.25 per whole warrant until May 6, 2011. The common shares were issued during the six months ended June 30, 2011. These warrants expired unexercised in 2011.

(Expressed in Canadian Dollars)

12. CAPITAL STOCK (continued)

Stock Options

The Company has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. The plan allows for the issuance of up to 367,000 stock options. As at June 30, 2012 the Company had 67,000, (December 31, 2011 – 67,000) options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	June 30, 2012		December 31, 2011	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period	**$ 0.10**	**300,000**	$ 0.10	300,000
Transactions during the period:				
Granted	**-**	**-**	-	-
Outstanding at end of period	**$ 0.10**	**300,000**	$ 0.10	300,000

The following table provides additional information about outstanding stock options as at June 30, 2012:

No. of Options Outstanding	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price**	**No. of Options Exercisable**	**Weighted Average Exercisable Exercise Price**	**Value**
300,000	**2.83**	**$ 0.10**	**300,000**	**$ 0.10**	**$20,012**

Stock-based Compensation

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the stock-based compensation costs for the stock options issued during the year ended December 31, 2010:

Grant Date	**May 3, 2010**
Number of options	300,000
Exercise price	$ 0.10
Expected life in years	5
Volatility	100.00%
Risk-free interest rate	2.83%
Dividend yield	-
Fair value of options	$ 20,012

(Expressed in Canadian Dollars)

13. RESERVE FOR SHARE BASED PAYMENTS

A summary of the changes in the Company's reserve for share based payments for the six months ended June 30, 2012 and the year ended December 31, 2011 is set out below:

	June 30, 2012	December 31, 2011
	Amount	Amount
	$	$
Balance at beginning of year	**36,262**	36,012
Transactions during the year:		
Warrants expired	**-**	250
Balance at end of year	**36,262**	36,262

14. EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenses for the Company are broken down as follows:

	Six months ended		**Cumulative to date***
	June 30, 2012	June 30, 2011	
Casino Property	**$ (43,697)**	$ 3,875	**$ 273,655**
Exploration and evaluation costs	**$ (43,697)**	$ 3,875	**$ 273,655**

* Only properties currently under exploration are included in this figure.

Casino Property

Pursuant to a purchase agreement dated August 29, 2008, the Company acquired 22 mining claims located in the Township of Cadillac, county of Abitibi, in the Province of Quebec. The purchase price of $100,000 was settled by the issuance of 1,000,000 common shares of the Company at a price of $0.10 per share. The property was acquired from a director and officer of the Company.

In September 2008, the Company entered into an Option Agreement with The Globex-Queenston Joint Venture ("Globex-Queenston") whereas the Company granted Globex-Queenston the right and option to acquire a 50% interest in the Casino Claims. Under the terms of the agreement, Globex-Queenston was required to spend $500,000 in exploration expenditures on or before September 2, 2010.

In March 2009, Globex-Queenston decided not to complete the Option Agreement. As per the terms outlined in the Option Agreement, Schyan will reimburse Globex-Queenston a total of $13,000 spent in exploration expenditures which has been accrued as at June 30, 2012.

In June 2012 the Company received proceeds from a provincial exploration tax credit in the amount of $44,087.

15. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.