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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 20-F**

**(Mark One)**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

**OR**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2012

**OR**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**OR**

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**COMMISSION FILE No. 00051303**

**Grandview Gold Inc.**

*(Exact name of Registrant as specified in its charter)*

**GRANDVIEW GOLD INC.**

*(Translation of Registrant's name into English)*

**Province of Ontario, Canada**

*(Jurisdiction of incorporation or organization)*

**330 Bay Street, Suite 820, Toronto, Ontario, M5H 2S8, Canada**

*(Address of principal executive offices)*

**Paul Sarjeant, T: +1 416 486 3444, F: +1 416 486 9577, 330 Bay Street, Suite 820, Toronto, Ontario, M5H 2S8, Canada**

*(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)*

Securities registered or to be registered pursuant to Section 12(b) of the Act: None

Securities registered or to be registered pursuant to Section 12(g) of the Act: common shares

(Title of Class) Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 81,163,032.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ]

No [ X ]

If this report is an annual or transition report, indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes [ ]

No [ X ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [ X ]

No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ]

No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer [ ]

Accelerated filer [ ]

Non-accelerated filer [ X ]

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP [ ]

International Financial Reporting Standards as  
issued by the International Accounting Standards  
Board [ X ]

Other [ ]

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 [ ]

Item 18 [ ]

If this is an annual report indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ]

No [ X ]



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## GLOSSARY

Following is a glossary of terms used throughout this Annual Report.

Assay	a precise and accurate analysis of the metal contents in an ore or rock sam
cut-off grade	deemed grade of mineralization, established by reference to economic factors, above which material is considered ore and below which is considered waste.
development stage	includes all companies engaged in the preparation of an established commercially mineable deposit (reserves) for its extraction which are not in the production stage.
dilution	the contamination of ore with barren wall rock; this means that in extracting ore, rock is also extracted, which contains a lesser amount of the mineral than the ore, effectively reducing the grade of the ore.
exploration stage	All companies engaged in the search for mineral deposits (reserves) which are not in either the development or production stage.
feasibility study	a detailed report assessing the feasibility, economics and engineering of placing a mineral deposit into commercial production.
gold deposit	means a mineral deposit mineralized with gold.
Inferred mineral resource	that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes.
lode mining	mining of gold bearing rocks, typically in the form of veins or stockworks
mineral resource	a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects of economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
ore	a naturally occurring rock or material from which minerals, such as gold, can be extracted at a profit; a determination of whether a mineral deposit contains ore is often made by a feasibility study.
ounce or oz.	a troy ounce or 20 pennyweights or 480 grains or 31.103 grams
patented mining claim	a claim to which a patent has been obtained from the government by compliance with laws relating to such claims.

prospect	an area prospective for economic minerals based on geological, geophysical, geochemical and other criteria
Probable (indicated) reserves	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measure) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.
proven (measured) reserves	Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
reserve	that part of a mineral deposit, which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "ore" when dealing with metalliferous minerals such as gold or silver
reverse circulation drill	a large machine that produces a continuous chip sample of the rock or material being drilled
shaft	a vertical or inclined tunnel in an underground mine driven downward from surface
Ton	short ton (2,000 pounds).
tonne	metric tonne (2,204.6 pounds).
trenching	The surface excavation of a linear trench to expose mineralization for sampling
unpatented mining claim	mining claims to which a deed from the United States government has not been received, and which are subject to annual assessment work in order to maintain ownership.

For ease of reference, the following conversion factors are provided:

<sup>1</sup> mile (mi)	= 1.609 kilometres	2,204 pounds (lbs)	= 1 tonne
<sup>1</sup> yard (yd)	= 0.9144 meter (m)	2,000 pounds/1 short ton	= 0.907 tonne
<sup>1</sup> acre	= 0.405 hectare (ha)	1 troy ounce	= 31.103 grams

## CAUTIONARY NOTE TO U.S. INVESTORS REGARDING RESOURCE AND RESERVE ESTIMATES – MINING PROPERTIES

This Annual Report on Form 20-F has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in United States Securities and Exchange Commission (“SEC”) Industry Guide 7 under the United States Securities Act of 1993, as amended (the “Securities Act”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this Annual Report on Form 20-F and the documents incorporated by reference herein may contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F and the exhibits attached hereto contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern our anticipated results and developments in our operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” (or the negative and grammatical variations of any of these terms and similar expressions) be taken, occur or be achieved,) are not statements of historical fact and may be forward-looking statements. Such statements are included, among other places in this Annual Report on Form 20-F, in the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Description of Business” and “Description of Property.” Forward-looking statements are subject to a variety of known and unknown risks and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;
  - results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company’s expectations;
  - mining exploration risks, including risks related to accidents, equipment breakdowns or other unanticipated difficulties with or interruptions in production;
  - the potential for delays in exploration activities or the completion of feasibility studies;
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- risks related to the inherent uncertainty of exploration and cost estimates and the potential for unexpected costs and expenses;
- risks related to commodity price fluctuations;
- the uncertainty of profitability based upon the Company's history of losses;
- risks related to failure of the Company to obtain adequate financing on a timely basis and on acceptable terms;
- risks related to environmental regulation, permitting and liability;
- political and regulatory risks associated with mining and exploration;
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in the sections entitled "Risk Factors", "Information on the Company" and "Operating and Financial Review and Prospects" and in the exhibits attached to this Annual Report on Form 20-F. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. Although the forward-looking information contained in this Annual Report is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Forward-looking information reflects management's current beliefs and is based on information currently available to the Company. The forward-looking information is made as of the date of this Annual Report. The Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.



## PART I

### ITEM 1: Identity of Directors, Senior Management and Advisors

Not Applicable.

### ITEM 2: Offer Statistics and Expected Timetable

Not Applicable.

### ITEM 3: Key Information

Unless expressed otherwise, all dollar amounts in this Annual Report are expressed in Canadian dollars.

Since June 1, 1970, the Government of Canada adopted a floating exchange rate to determine the value of the Canadian dollar as compared to the US dollar. On August 27, 2012, the exchange rate in effect for Canadian dollars exchanged for US dollars, expressed in terms of Canadian dollars was \$0.9892. This exchange rate is based on the noon buying rates of the Bank of Canada, as obtained from the website [www.bankofcanada.ca](http://www.bankofcanada.ca).

For the past five fiscal years ended May 31, 2012, and for the six month period between March 31, 2012 and August 24, 2012 the following exchange rates were in effect for Canadian dollars exchanged for US dollars, calculated in the same manner as above:

Period		Average	
Year ended May 31, 2008	\$	1.0142	
Year ended May 31, 2009	\$	1.1575	
Year ended May 31, 2010	\$	1.0629	
Year ended May 31, 2011	\$	1.0065	
Year ended May 31, 2012	\$	0.9994	

Period		Low	High
Month ended March 31, 2012	\$	0.9849	1.0015
Month ended April 30, 2012	\$	0.9807	1.0039
Month ended May 31, 2012	\$	0.9839	1.0349
Month ended June 30, 2012	\$	1.0178	1.0418
Month ended July 31, 2012	\$	1.0014	1.0214
Period ended August 27, 2012	\$	0.9864	1.0062

#### A. Selected Financial Data

Following is selected financial data of the Company, expressed in Canadian dollars, for the fiscal years ended May 31, 2012 ("2012") and May 31, 2011 ("2011"), derived from the consolidated annual financial statements of the Company, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements for the year ended May 31, 2012 and its comparative periods were prepared in accordance with IFRS as issued by the IASB. Subject to certain transition elections disclosed in note 15 of these statements, the company has consistently applied the same accounting policies in its opening IFRS statement of financial position at June 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 15 of these statements further discloses the impact of the transition to IFRS on the company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the company's consolidated financial statements for the year ended May 31, 2011.

The selected financial data should be read in conjunction with the consolidated financial statements and other financial information included elsewhere in the Annual Report.

The selected financial data below, derived from the consolidated annual financial statements of the Company, is presented in accordance with IFRS as issued by the IASB.

(CAD\$)	Year Ended May 31, 2012	Year Ended May 31, 2011
<b>IFRS</b>		
Revenue	\$ Nil	\$ Nil
Net Loss and Comprehensive Loss	\$ (248,817)	\$ (408,907)
Loss Per Share – Basic and Diluted	\$ (0.00)	\$ (0.01)
Dividends Per Share	\$ Nil	\$ Nil
Period-end Shares	81,163,032	76,271,891
Share Capital	\$ 16,533,842	\$ 16,533,842
	As at May 31, 2012	As at May 31, 2011
Cash and cash equivalents	\$ 137,752	\$ 1,177,679
Short term investments	\$ 25,537	\$ 25,286
Working Capital	\$ 168,570	\$ 1,155,078
Mining Interests	\$ 5,225,781	\$ 4,568,757
Long-term Debt	\$ Nil	\$ Nil
Shareholders' Equity	\$ 5,394,351	\$ 5,643,168
Total Assets	\$ 5,501,613	\$ 5,865,572
	As at June 1, 2010	
Cash and cash equivalents	\$ 1,432,824	
Short term investments	\$ 25,037	
Working Capital	\$ 1,407,869	
Mining Interests	\$ 4,149,771	
Long-term Debt	\$ Nil	
Shareholders' Equity	\$ 5,557,640	
Total Assets	\$ 5,660,623	

#### B. Capitalization and Indebtedness

Not Applicable.

#### C. Reasons For The Offer and Use Of Proceeds

Not Applicable.

#### D. Risk Factors

An investment in our common shares (the "Shares") is highly speculative and subject to a number of known and unknown risks. Only those persons who can bear the risk of the entire loss of their investment should purchase our securities. An investor should carefully consider the risks described below and the other information that we file with the SEC and with Canadian securities regulators before investing in our common shares. The risks described below are not the only ones faced. Additional risks that we are not currently aware of or that we currently believe are immaterial may become important factors that affect our business. If any of these risks occur, operating results and financial conditions could be seriously harmed, the market price of our common shares could decline and the investor may lose all of their investment. The risk factors set forth below and elsewhere in this Annual Report, and the risks discussed in our other filings with the SEC and Canadian securities regulators may have a significant impact on our business, operating results and financial condition and could cause actual results to differ materially from those projected in any forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements".

In addition to other information in this Annual Report, you should carefully consider the following risk factors in evaluating our business.

***We Have No Ongoing Mining Operations, None of our Mineral Properties Contain a Known Commercially Mineable Mineral Deposit, We Have Never Received Any Revenues From Mining Operations, and Our Chances of Reaching the Development Stage on Any of our Properties is Remote.*** Since our inception, we have never engaged in any mining operations and the Company has not generated any revenues from mining operations. Our activities have been limited to the highly speculative business of acquiring and exploring properties in the hope that commercial quantities of gold will be discovered. At the present time, none of our properties contain a known commercially mineable mineral deposit. We believe that the probability of our reaching the development stage on any of our properties is remote for a number of reasons. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties, which are explored, are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, including, but not limited to the following: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Because exploration properties rarely become producing mines, investors must be prepared for the possibility that we will be unsuccessful and that they could lose their entire investment.

In the remote possibility that we place any of our properties into production, of which there can be no assurance, we would face numerous risks associated with mining operations. These risks include adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes, and the inability to maintain the infrastructure for our production activities. Mining and mining exploration is risky, presenting potentially dangerous conditions for workers. Large, heavy equipment and machinery is used and toxic substances are utilized and encountered in exploration, extraction, and processing. Misuse and accidents could result in serious injury and death to personnel. Such events could be caused by numerous factors including faulty equipment, unsafe practices, explosions, fires, natural phenomenon (such as lightning, mudslides, cave-ins, etc.), which may be impossible to avoid and protect against. In the event of any such misuse, accidents or natural disasters, personnel could be injured and killed, and mining operations suspended or terminated. In addition, any future development activities, of which there can be no assurance, would depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important factors, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could make it very difficult, if not impossible, to engage in any development activities and force us to incur expenses that we had not planned on spending.

***Calculations of Mineral Reserves and of Mineralized Material are Estimates Only, Subject to Uncertainty Due to Factors Including Metal Prices, Inherent Variability of the Ore, and Recoverability of Metal in the Mining Process.*** There is a degree of uncertainty attributable to the calculation of reserves and corresponding grades dedicated to future production. Until mineral reserves are actually mined and processed, the quantity of ore and grades must be considered as an estimate only. In addition, the quantity of mineral reserves and ore may vary depending on metal prices. Estimates of mineral resources under Canadian guidelines are subject to uncertainty as well. The estimating of mineral reserves and mineral resources under Canadian guidelines is a subjective process and the accuracy of such estimates is a function of the quantity and quality of available data and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any reserve or estimate of mineral resources under Canadian guidelines, and the actual deposits encountered and the economic viability of mining a deposit may differ materially from our estimates. Estimated mineral reserves or mineral resources under Canadian guidelines may have to be recalculated based on changes in metal prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence estimates of mineral reserves or mineral resources under Canadian guidelines. Any material change in the quantity of mineral reserves, mineralization, grade or stripping ratio may affect the economic viability of our properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

***Because We Have No Revenue Producing Operations, We are Dependent Upon Our Ability to Raise Funds In Order to Continue Our Exploration Activities.*** Since inception, the Company has not generated any revenues from mining operations. As of May 31, 2012, the Company had an accumulated deficit of approximately \$21.6 million. With limited cash resources, it will be necessary in the near and over the long term to raise substantial funds from external sources to maintain our interests in our various properties in the United States, Canada and Peru, to acquire, explore, and if warranted, develop other mineral properties, participate in other projects and provide sufficient cash to fund operations. In order to meet future expenditures and cover administrative and exploration costs beyond May 31, 2013, the Company will need to raise additional financing. There is no assurance that we will be able to raise the funds on acceptable terms, or at all. The uncertainties related to raising additional financing cast substantial doubt upon the Company's ability to continue as a going concern. If we do not raise these funds, we would be unable to pursue our planned business operations and investors could lose their investment. If we are able to raise these funds, it is likely that investors will experience dilution of their interests, which could result in a decrease in the value of their Shares.

***Title to Our Mining Properties Has Not Been Verified so Such Properties may be Subject to Prior Unregistered Liens, Agreements, Transfers or Claims, and may be Affected by Undetected Defects.***

Although the title to the properties in which the Company holds interests were reviewed by or on behalf of us, and title opinions were delivered to us, no assurances can be given that there are no title defects affecting such properties. Our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. Accordingly, the properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

***The Value of our Mineral Properties is Dependent Upon Commodity Prices Which Can Fluctuate Widely.*** The price of our Shares, our financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold, copper, or other minerals. Gold and other mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of such commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold or other mineral-producing countries throughout the world. The prices of gold or other minerals have fluctuated widely in recent years, and future serious price declines could cause continued exploration of our properties to be impracticable. Depending on the price of gold or other minerals, in the remote possibility that any of our properties enter commercial production, cash flow from such mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on gold or other mineral prices that are adequate to make these properties economic.

In addition to adversely affecting the Company's reserve estimates, its ability to obtain financing, and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility, and operational requirements, of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

***We Are Not Engaged in Mining Operations; In the Event We Engage in Mining Operations in the Future, We Would Face Substantial Regulation Which Would be Very Costly to Comply With.*** We are not engaged in any mining operations at the present time and there can be no assurance we will ever engage in any mining operations in the future. All of our current activities are exploratory in nature. If our exploration activities uncover a commercially mineable mineral deposit, of which there can be no assurance, we plan to take the necessary steps to commence mining operations. Mining operations in the Canada and Peru are subject to federal, provincial, state and local laws relating to the protection of the environment, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Mining operations are also subject to federal, provincial and local laws, which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. No assurance can be given that environmental standards imposed by federal, provincial or local authorities will not be changed with material adverse effect on the Company's activities. Moreover, compliance with such laws may cause substantial delays and require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damage, which it may elect not to insure against due to prohibitive premium costs and other reasons.

***The Company operates in foreign countries and is subject to currency fluctuations which could have a negative effect on its operating results.*** A portion of the Company's operations are located in foreign countries, which makes it subject to foreign currency fluctuations. Future costs in Peru, if we continue with the project may increase due to exchange rate fluctuations.

***There is a Risk that we will be Unable to Compete for Mineral Properties, Investment Funds and Technical Expertise.*** Significant and increasing competition exists for the limited number of gold and other precious metal acquisition opportunities available in North, South and Central America and elsewhere in the world. As a result of this competition, some of which is with large, established mining companies with substantially greater financial and technical resources than us, we may be unable to acquire additional attractive precious metal mining properties on terms we consider acceptable. Moreover, this competition makes it more difficult for us to attract and retain mining experts, and to secure financing for our operations. Accordingly, there can be no assurance that our exploration and acquisition programs will be successful or result in any commercial mining operations.

***We Do Not Have Insurance; We Will Not Be Able to Insure Against All Possible Risks.*** The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays, monetary losses and possible legal liability. If any such catastrophic event occurs, investors could lose their entire investment. Although the Company intends to obtain insurance to protect against certain risks in such amounts as it considers to be reasonable, it does not have any insurance at the present time. If and when insurance is obtained, of which there can be no assurance, the insurance will not cover all the potential risks associated with a mining Company's operations. Moreover, the Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations. Should a catastrophic event arise, investors could lose their entire investment.

***Adverse Government Policies and Environmental Risks Could Harm Our Business; The Amount of Capital Necessary to Meet All Environmental Regulations Associated with Our Exploration Programs Could Be In An Amount Great Enough to Force the Company to Cease Operations.*** Reference is made to “*Item 4. Information on the Company. B. Business Overview.*” for a discussion of the regulatory issues facing the Company. The current and anticipated future operations of the Company, including further exploration activities require permits from various Canadian and Peru governmental authorities. Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, mine safety and other matters. We may not be able to obtain all necessary licenses and permits required to carry out exploration at, and developments of, our projects. Unfavorable amendments to current laws, regulations and permits governing operations and activities of resource exploration companies, or more stringent implementation thereof, could have a materially adverse impact on the Company and cause increases in capital expenditures which could result in a cessation of operations by the Company.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in resource exploration may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations. Large increases in capital expenditures resulting from any of the above factors could force the Company to cease operations.

The enactment of this legislation, or parts of it, or even the possibility of its enactment in the future, into law would have a substantial adverse effect on our ability to conduct our business. This is because of the uncertainty of the economic viability of a project it would cause and well as the uncertainty and concern over unquantifiable future costs, which must now be considered. This, in turn, could likely increase our cost of capital, and have a chilling effect on our projects on federal lands.

***Management May Be Subject to Conflicts of Interest Due to Affiliations with Other Resource Companies.***

Because some of our directors and officers have private mining interests and also serve as officers and/or directors of other public mining companies, their personal interests are continually in conflict with the interests of the Company. Situations will arise where these persons are presented with mining opportunities, which may be desirable for the Company, as well as other companies in which they have an interest, to pursue. There can be no assurance that the Company will be able to pursue such opportunities because of our officers and directors' conflicts. In addition to competition for suitable mining opportunities, the Company competes with these other companies for investment capital, and technical resources, including consulting geologists, metallurgists, engineers and others. Similarly, there can be no assurance that the Company will be able to obtain necessary investment capital and technical resources because of our officers and directors' conflicts. Such conflict of interests are permitted under Canadian regulations and will continue to subject the Company to the continuing risk that it may be unable to acquire certain mining opportunities, investment capital and the necessary technical resources because of competing personal interests of some of our officers and directors.

***Our Management May Not Be Subject to U.S. Legal Process Making it Very Difficult for Investors to Sue in the United States.*** The enforcement by investors of civil liabilities under the United States federal securities laws may be adversely affected by the fact that all of our officers and directors are neither citizens nor residents of the United States. There can be no assurance that (a) U.S. stockholders will be able to effect service of process within the United States upon such persons, (b) U.S. stockholders will be able to enforce, in United States courts, judgments against such persons obtained in such courts predicated upon the civil liability provisions of United States federal securities laws, (c) appropriate foreign courts would enforce judgments of United States courts obtained in actions against such persons predicated upon the civil liability provisions of the federal securities laws, and (d) the appropriate foreign courts would enforce, in original actions, liabilities against such persons predicated solely upon the United States federal securities laws.

However, U.S. laws would generally be enforced by a Canadian court provided that those laws are not contrary to Canadian public policy, are not foreign penal laws or laws that deal with taxation or the taking of property by a foreign government and provided that they are in compliance with applicable Canadian legislation regarding the limitation of actions. Also, a Canadian court would generally recognize a judgment obtained in a U.S. Court except, for example:

- (a) Where the U.S. court, where the judgment was rendered, had no jurisdiction according to applicable Canadian law;

- (b) The judgment was subject to ordinary remedy (appeal, judicial review and any other judicial proceeding which renders the judgment not final, conclusive or enforceable under the laws of the applicable state) or not final, conclusive or enforceable under the laws of the applicable state;
- (c) The judgment was obtained by fraud or in any manner contrary to natural justice or rendered in contravention of fundamental principles of procedure;
- (d) A dispute between the same parties, based on the same subject matter has given rise to a judgment rendered in a Canadian court or has been decided in a third country and the judgment meets the necessary conditions for recognition in a Canadian court;
- (e) The outcome of the judgment of the U.S. court was inconsistent with Canadian public policy;
- (f) The judgment enforces obligations arising from foreign penal laws or laws that deal with taxation or the taking of property by a foreign government; or
- (g) There has not been compliance with applicable Canadian law dealing with the limitation of actions.

**Gold Prices are Volatile and Could Decline in which case Our Properties May Not be Economically Viable.** Gold prices fluctuate so that there is no assurance, even if substantial quantities of gold are discovered, that our properties will, in the future, prove to be economically viable. The prices of precious and base metals fluctuate on a daily basis and have experienced volatile and significant price movements over short periods of time. Prices are affected by numerous factors beyond our control, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates, central bank transactions, world supply for precious and base metals, international investments, monetary systems, and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased worldwide production due to improved mining and production methods. The effect of these factors cannot be accurately predicted, and the combination of these factors may result in us not receiving adequate returns on invested capital or the investments retaining their respective values. There is no assurance that the price of gold (and of other precious and base metals) will be high enough so that our properties, assuming that we ever discover substantial quantities of gold, could be mined at a profit.

**There is a Risk that Our Rights to Conduct Mining Explorations and Operations Could be Challenged by Third Parties Claiming Rights to Our Properties.** We do not insure against third party actions claiming rights to explore and mine our properties. Accordingly, in the event that such a claim is made against us or our properties, our activities could be adversely affected. The costs of defending our title could be very time consuming and expensive with no guarantee that we would win. If such a claim is made, it may become difficult or impossible to either continue operations, if any, on the property being challenged and secure investment funds.

**Our Stock is a Penny Stock which Imposes Significant Restrictions on Broker-Dealers Recommending the Stock For Purchase.** The SEC has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our Shares are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our Shares. We believe that the penny stock rules may discourage investor interest in and limit the marketability of our Shares.



**Our Stock Is Thinly Traded.** The trading market for our shares is not always liquid. The market price of our Shares has ranged from a high of \$0.08 and a low of \$0.03 during the twelve month period ended May 31, 2012. Although our Shares trade on the Toronto Stock Exchange, the volume of Shares traded at any one time can be limited, and, as a result, there may not be a liquid trading market for our Shares.

**Our Stock Price Could be Volatile Causing Investors to Suffer Significant Losses If the Shares are Depressed or Illiquid when an Investor Desires to Sell his Shares.** The market price of a publicly-traded stock, especially that of a mining exploration Company such as ours, is affected by many variables in addition to those directly related to exploration successes or failures. Such factors include the general condition of markets for mining exploration stocks, the strength of the economy generally, the availability of alternative investments, and the breadth of the public market for the stock. The market price of our Shares on the Toronto Stock Exchange in Canada has been, and is likely to continue to be, volatile. Therefore, investors could suffer significant losses if our Shares are depressed or illiquid when an investor desires to sell Shares.

**We Do Not Plan to Pay Any Dividends in the Foreseeable Future.** The Company has never paid a dividend and it is unlikely that the Company will declare or pay a dividend until warranted based upon the factors outlined below. The declaration, amount and date of distribution of any dividends in the future will be decided by the Board of Directors from time-to-time, based upon, and subject to, the Company's earnings, financial requirements and other conditions prevailing at the time.

**In the Event Mr. Paul Sarjeant, our President and Chief Executive Officer Leaves the Company, Grandview would be Adversely Affected.** In the event that Mr. Paul Sarjeant, our President and Chief Executive Officer, ceases to be employed by the Company, we would be materially and adversely affected. We are heavily dependent upon him. In the event his employment ceases, there is no assurance that a suitable replacement could be employed. The Company has no key-man life insurance with any of its senior officers or directors.

**Future Sales of Common Shares by Existing Shareholders Could Cause the Price of our Shares to Decline.** Sales of a large number of our Shares in the public markets, or the potential for such sales, could decrease the trading price of the Shares and could impair the Company's ability to raise capital through future sales of Shares. The Company has previously issued Shares at effective prices per share, which are lower than what the Company's Shares currently trade. Accordingly, certain shareholders of the Company have an investment profit in the Shares that they may seek to liquidate. These sales of our Shares could cause the price of our Shares to decline.

**Dilution Through Exercise of Employee/Director/Consultant Options Could Adversely Affect Grandview Stockholders Through the Dilution of their Interests.** Because the success of the Company is highly dependent upon its employees, the Company has granted to some or all of its Directors, consultants, and sole employee options to purchase common-voting shares as non-cash incentives. To the extent that significant numbers of such options may be exercised, the interests of the other stockholders of the Company may be diluted.

*The Company believes it is likely a "passive foreign investment company" which may have adverse U.S. federal income tax consequences for U.S. shareholders.* U.S. shareholders should be aware that the Company believes it was classified as a passive foreign investment company ("PFIC") during the tax year ended May 31, 2012, and may be a PFIC in future tax years. If the Company is a PFIC for any year during a U.S. shareholder's holding period, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of common shares, or any so-called "excess distribution" received on its common shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election ("QEF Election") or a "mark-to-market" election with respect to the common shares. A U.S. shareholder who makes a QEF Election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. However, U.S. shareholders should be aware that there can be no assurance that the Company will satisfy record keeping requirements that apply to a qualified electing fund, or that the Company will supply U.S. shareholders with information that such U.S. shareholders require to report under the QEF Election rules, in the event that the Company is a PFIC and a U.S. shareholder wishes to make a QEF Election. Thus, U.S. shareholders may not be able to make a QEF Election with respect to their common shares. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the common shares over the taxpayer's basis therein. This paragraph is qualified in its entirety by the discussion below under the heading "Certain United States Federal Income Tax Considerations." Each U.S. shareholder should consult its own tax advisor regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares.

*As a "foreign private issuer", Grandview is Exempt from the Section 14 Proxy Rules and Section 16 of the Securities Exchange Act of 1934, Possibly Resulting in Shareholders Having Less Complete and Timely Data.* The submission of proxy and annual meeting of shareholder information (prepared to Canadian standards) on Form 6-K may result in shareholders having less complete and timely data. The exemption from Section 16 rules regarding sales of common-voting shares by insiders may result in shareholders having less data than would be provided for United States issuers, not exempt from such statutes.

*Foreign Operations.* At present, a portion of the operations of Grandview are located in Peru, as a result, our operations are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdiction. These risks and uncertainties include, but are not limited to, currency exchange rates, import or export controls, local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labor disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency remittance, taxation, governmental regulations that may require the awarding of contracts of local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction, changes, if any, in mining or investment policies or shifts in political attitudes in Peru and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation, which may adversely affect our operations. Additionally, any local political unrest could have debilitating impact on operations, and at its extreme, could result in damage and injury to personnel and site infrastructure.

Failure to comply with applicable laws and regulations may result in enforcement actions and include corrective measures requiring capital expenditures, installing of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

#### **ITEM 4: Information on the Company**

##### **A. Unresolved Staff Comments**

None.

##### **B. History and Development of the Company**

Grandview Gold Inc. (the “Company” or “Grandview”) was originally incorporated under the Corporation Act of Ontario on November 23, 1945 as Loisan Red Lake Gold Mines Limited. Grandview was primarily engaged in the mineral exploration and resource sector until April 27, 1987, when trading of the Company’s securities was ceased by the Ontario Securities Commission, and the Company remained primarily inactive until November 1998. At that time, the Company decided to invest in the common shares of Navitrak International, a company involved in high-technology products involving global positioning systems (GPS). During the next three years, Grandview found this initiative to be unfavorable and spent the period between November 2001 and November 2003 reevaluating the prospects of re-entering the mineral exploration and mining sector.

Articles of Amendment were filed in the Province Ontario effective November 6, 1979, changing the name to Grandview Energy Resources Incorporated. On September 22, 1983, further Article of Amendment were filed to change the Company’s name to Consolidated Grandview Inc.

Consolidated Grandview Inc. (the predecessor of Grandview Gold Inc.) was issued a temporary cease trade order by the Ontario Securities Commission on April 16, 1987, which was subsequently extended by a Cease Trade Order (CTO) issued by the OSC on April 29, 1987. The CTO was issued because the Company failed to file financial statements in accordance with the required timing deadlines. At the time of the CTO, the common shares of the Company were quoted on the Over-the-Counter Automated Quotation System, a predecessor of the Canadian Dealer Network (“CDN”). Subsequent to the CTO, the Company remained more or less inactive until 2003.

During 1998, the Company shifted its business focus from mineral exploration to operating as a merchant bank with a business plan to acquire significant equity in high technology companies with prospects for exceptional growth. At the time, the Company's management team was better suited toward this type of initiative. In November 1998 an initial investment was carried out with Navitrak International Corporation ("Navitrak"), a public company whose common shares were quoted on the Canadian Dealing Network ("CDN").

On November 2, 2000, the cease trade order referenced above was lifted and on February 4, 2003 the cease trade order was re-issued for late filing of financial statements. During this same period, the Company determined that the initiative to invest in high technology companies was unfavorable, as much of the technology industry became mired in a well-documented 'tech burst' that bottomed out in late 2001. As such, the Company decided to re-instate the original business mandate and build a team focused on mineral exploration and development.

During 2003, the Company attracted a new management team including a new board of directors and prepared to seek out a viable exploration property beyond its existing patented mining claims located in the Red Lake Mining Area of northwestern Ontario. The Company also addressed all outstanding financial matters and prepared to submit a request to the OSC to lift the existing cease trade order.

The cease trade order was lifted on May 6, 2004 and subsequently, on July 6, 2004, the Company filed Articles of Amendment changing its corporate name to Grandview Gold Inc.

The Company's executive office is located at:

330 Bay Street, Suite 820 Toronto, Ontario, M5H 2S8 Canada

Its registered and records office is located at Suite 1000, 36 Toronto Street, Toronto, Ontario, Canada. Its telephone number is (416) 486-3444.

## Capital Expenditures

The table below shows historical capital expenditures incurred before write-downs:

Fiscal Year	Expenditures
Fiscal 2001 <sup>(1)</sup>	\$ 0
Fiscal 2002 <sup>(1)</sup>	\$ 0
Fiscal 2003 <sup>(1)</sup>	\$ 0
Fiscal 2004 <sup>(1)</sup>	\$ 562
Fiscal 2005 <sup>(1)</sup>	\$ 407,899
Fiscal 2006 <sup>(1)</sup>	\$ 2,556,530
Fiscal 2007 <sup>(1)</sup>	\$ 3,447,602
Fiscal 2008 <sup>(1)</sup>	\$ 3,037,694
Fiscal 2009 <sup>(1)</sup>	\$ 620,297
Fiscal 2010 <sup>(1)</sup>	\$ 706,978
Fiscal 2011 <sup>(2)</sup>	\$ 418,986
Fiscal 2012 <sup>(2)</sup>	\$ 657,024

<sup>(1)</sup> Under Canadian Generally Accepted Accounting Principles ("CGAAP")

<sup>(2)</sup> Under International Financial Reporting Standards ("IFRS")

## C. Business Overview

### General

The Company is engaged in the exploration and, if warranted, development of mineral properties in Canada and Peru. The Company is an exploration stage company and is not currently engaged in any mining operations, and there can be no assurance it will ever engage in mining operations. To date, its only mining interests are (i) a 67% interest in the Dixie Lake Property, located in the Red Lake Mining District, Ontario, Canada ("**Dixie Lake**") (ii) a 100% interest in eight mining claims in the Red Lake Mining District, Ontario, Canada (the "**Loisan Property**"), (iii) a 100% interest in 12 unpatented claims and 2 patented claims located in the Red Lake Mining District, Ontario, Canada (the "**Sanshaw-Bonanza Property**"), (iv) a 100% interest in one unpatented mineral claim located in Manitoba, Canada, (the "**Bissett Gold Camp Claim**"), and (v) an option to acquire up to a 100% interest in two mineral claims covering 400 hectares ("**Giulianita Property**") near Suyo District, Ayabaca Province, Piura Department, Peru. Based on management's assessment, there are no impairment indicators of non-financial assets that have been noted for the year ended May 31, 2012.

During Fiscal 2012 the Company completed a 9 hole, 2021.79 metre drill program at Dixie Lake in an attempt to verify historic drill results from previous operators and combine that data with more recent work to produce a NI 43-101 compliant resource estimate for the 88-4 mineralized zone. Final results of the program and report are not complete at the time of this filing. At Sanshaw-Bonanza a limited deep IP program was carried out over the ice on Red Lake in an attempt to identify potential drill targets on the property. The results indicate that several anomalies require follow up, including possible diamond drilling. The Company will continue to evaluate future work programs at both Dixie Lake and Sanshaw-Bonanza based on these recent programs. No work was carried out at Loisan, however it remains a key property holding as it lies contiguous with GoldCorp's mine property in Red Lake.

At Giulianita the Company continues to work with local community leaders, mining groups and other leaders to reach a resolution to the surface access rights impasse that has thwarted exploration and development. Recent changes in Peruvian tax law and efforts by the Peruvian government to eliminate illegal mining and processing of gold ores throughout the country have led to significant changes to the political and economic situation in the region over the past 6 months. The Company has increased efforts to gain surface access rights with the community and a number of meetings have been held and are also planned over the next quarter. Though the Company has not secured it's rights, we remain confident that we will be given the opportunity to explore and develop the project in the near future.

There has been no work on the Bissett Gold Camp Claim, but the claim remains in good standing. There are no plans for future work at this time.

Effective November 30, 2010, Grandview entered into two agreements in respect of the sale of four mining claims owned by it and located in Manitoba, being the Packsak, Clapelou Patent Claims, CUPP2 Frac and CUPP3 Frac (collectively, the "**Claims**"). Two of the four Claims were transferred to Centerpoint Resources Inc. ("**Centerpoint**") and the remaining two were transferred to Centershield Gold Mines Inc., a subsidiary of Centerpoint. The Claims are not material to Grandview's exploration programs or strategy moving forward. Grandview received nominal cash consideration on closing and retained a 1% NSR over the Claims. Centerpoint is a related party of Grandview, and the agreement for Grandview to transfer the Claims constituted a related party transaction under Multilateral Instrument 61-101 *Take-Over Bids and Special Transactions* ("**MI 61-101**"). There had been no prior valuation in respect of the Claims and the transaction was not subject to the formal valuation requirements of MI 61-101 by virtue of subsection 5.5(a) thereof and was also exempt from minority shareholder approval requirements by virtue of subsection 5.7(1)(a) thereof, as at the relevant time neither the fair market value of the Claims nor the fair market value of the consideration being paid for the Claims exceeded 25% of Grandview's market capitalization as calculated in compliance with MI 61-101. The independent members of Grandview's Board considered and approved the sale transaction.

On July 15, 2009 the Corporation announced the signing of a Binding Memorandum of Understanding through its wholly-owned subsidiary Recuperación Realzada S.A.C., with a private Peruvian Group which grants a two-stage option (the "**Option**") to acquire up to a 100% interest in a 400 hectare property located in the Suyo District, Ayabaca Province, Piura Department, Peru.

On June 28<sup>th</sup>, 2011 the Company issued a press release announcing that the Company would cease funding work efforts at the Guilianita Property until such time as the local community was able to deliver the necessary documentation and permissions for the Company to carry out unfettered exploration and development work. Work and payment commitments under the Option agreement were also suspended. The Company intends to fully protect its mineral titles in Peru and remains committed to honor the community proposal that has been in the hands of the community executive for many months. In March 2012 the Peruvian government announced a series of new taxation and legal laws to reduce or eliminate illegal small-scale mining and processing throughout Peru. In the Department of Piura, the new efforts by the Peruvian government had an immediate effect on the local itinerant miners and the Company renewed more intensive discussions with local community representatives and political leaders in an attempt to gain the surface access rights that it has sought since signing the agreement in 2009.

Due to past exploration results and lack of interested parties, the Company decided to let claims reaching expiry period lapse over the past year and will not expend any further exploration dollars to maintain existing claim packages within the Province of Manitoba.

In fiscal 2012, the Company concentrated most of its exploration effort on a summer drill program at Dixie Lake and a short geophysical program during the winter at Bonanza. Drilling at Dixie focused on twinning historical holes and new holes designed to fill gaps in the database that would facilitate the evaluation of the historic resource and bring it to NI 43-101 standard. At Bonanza the Company completed a deep 3D IP survey over the central portion of the claims groups in an attempt to identify any deep-seated drill targets previously undetected.

There is no known commercially mineable mineral deposit on any of these properties, and there can be no assurance that a commercially mineable mineral deposit exists on any of these properties.

Our business is highly speculative. We are exploring for base and precious metals. Ore is rock containing particles of a particular mineral (and possibly other minerals which can be recovered and sold), which rock can be legally extracted, and then processed to recover the minerals, which can be sold at a profit.

Although mineral exploration is a time consuming and expensive process with no assurance of success, the process is straightforward. First, we acquire the rights to enable us to explore for, and if warranted, extract and remove ore so that it can be refined and sold on the open market to dealers. Second, we explore for precious and base metals by examining the soil, rocks on the surface, and by drilling into the ground to retrieve underground rock samples, which can then be analyzed. This work is undertaken in staged programs, with each successive stage built upon the information gained in prior stages.

If exploration programs discover what appears to be an area, which may be able to be profitably mined, we will focus our activities on determining whether that is feasible, while at the same time continuing the exploratory activities to further delineate the location and size of this potential ore body.

Things that will be analyzed by us in making a determination of whether we have a deposit, which can be feasibly mined at a profit, include:

- (a) the amount of mineralization, which has been established, and the likelihood of increasing the size of the mineralized deposit through additional drilling;
- (b) the expected mining dilution;
- (c) the expected recovery rates in processing;
- (d) the cost of mining the deposit;

- (e) the cost of processing the ore to separate the gold from the host rocks, including refining the precious or base metals;
- (f) the costs to construct, maintain, and operate mining and processing activities;
- (g) other costs associated with operations including permit and reclamation costs upon cessation of operations;
- (h) the costs of capital;
- (i) the costs involved in acquiring and maintaining the property; and
- (j) the price of the precious or base minerals. For example, the price of one ounce of gold for the years 2007 to 2012 (London Fixed price reported in \$US) ranged from a low of \$US 608 on January 10, 2011 to a high of \$US 1,895 on September 6, 2011. As at August 21, 2012 the closing price of gold was \$US 1,639.50 per ounce. Our analysis will rely upon the estimates and plans of geologists, mining engineers, metallurgists and other experts.

If we determine that we have a feasible mining project, we will consider pursuing alternative courses of action, including:

- (a) placing the property into production ourselves;
- (b) entering into a joint venture with larger mining company to mine the deposit; or
- (c) seeking to sell the deposit or the Company to third parties.

There can be no assurance, that we will discover any precious or base metals, establish the feasibility of mining a deposit, or, if warranted, develop a property to production and maintain production activities, either alone or as a joint venture participant. Furthermore, there can be no assurance that we would be able to sell either the deposit or the Company on acceptable terms, or at all, enter into such a joint venture on acceptable terms, or be able to place a property into production ourselves. If we do enter actual mining operations, which is unlikely in the near future, our operations will be subject to various factors and risks generally affecting the mining industry, many of which are beyond our control. These include the price of precious or base metals declining, the possibility that a change in laws respecting the environment could make operations unfeasible, or our ability to conduct mining operations could be adversely affected by government regulation. Reference is made to *Item 3D. Key Information: Risk Factors*.

Prior to commencing any exploration activities in any of the Province of Manitoba, or the Province of Ontario, Canada or Peru the Company or the party intending to carry out a work program on a mineral property is required to apply to the appropriate local government agencies for a number of permits or licenses related to mineral exploration activities. These permits or licenses may include water and surface use permits, occupation permits, fire permits, and timber permits. Prior to being issued the various permits or licenses, the applicant must file a detailed work plan with the applicable government agency. Permits are issued on the basis of the work plan submitted and approved by the governing agency. Additional work on a given mineral property or a significant change in the nature of the work to be completed would require an amendment to the original permit or license.

As part of the permit or licensing requirements, the applicant may be required to post an environmental reclamation bond in respect to the work to be carried out on the mineral property. The amount of such bond is determined by the amount and nature of the work proposed by the applicant. The amount of a bond may also be increased with increased levels of development on the property.

The Company has or will make application to the appropriate agencies for permits and licenses relating to those properties upon which the Company intends to carry out work. For those mineral properties in which the Company has an interest but is not the operator of the work programs, application for the required permits and licenses and the posting of the reclamation bonds will be made by the party entitled to carry out exploration work on the property. The Company believes that it is currently in compliance with all applicable environmental laws and regulations in the Provinces of Manitoba and Ontario, Canada and in Peru.

#### **D. Organizational Structure**

The Corporation has a wholly owned subsidiary incorporated pursuant to the laws of Nevada on July 16, 2008, under the name Grandview Gold (USA) Inc. Grandview Gold (USA) Inc. was incorporated to hold the Corporation's interest in its Nevada property. As of May 22, 2009 the Corporation announced the termination of its Nevada operations and no interest exists within the subsidiary.

On July 26, 2009 the Corporation created a wholly owned subsidiary pursuant to the laws of Peru under the name Recuperacion Realzada S.A.C. with the intent to hold the Corporation's Peruvian interests.

#### **E. Property, Plants and Equipment**

##### *General*

The Company is engaged in the exploration and, if warranted, development of mineral properties in Canada and Peru. The Company is an exploration stage company and is not currently engaged in any mining operations, and there can be no assurance it will ever engage in mining operations. To date, its only mining interests are (i) a 67% interest in the Dixie Lake Property, located in the Red Lake Mining District, Ontario, Canada ("**Dixie Lake**") (ii) a 100% interest in eight mining claims in the Red Lake Mining District, Ontario, Canada (the "**Loisan Property**"), (iii) a 100% interest in 12 unpatented claims and 2 patented claims located in the Red Lake Mining District, Ontario, Canada (the "**Sanshaw-Bonanza Property**"), (iv) a 100% interest in one unpatented mineral claim located in Manitoba, Canada, (the "**Bissett Gold Camp Claim**"), and (v) an option to acquire up to a 100% interest in two mineral claims covering 400 hectares ("**Giulianita Property**") near Suyo District, Ayabaca Province, Piura Department, Peru.



## **Dixie Lake Property, Red Lake Mining Division, Ontario**

The Company has acquired a 67% interest in 49 unpatented mineral claims located in the Red Lake Mining Division, Ontario (the “**Dixie Lake Property**”). Originally, the Company acquired the option pursuant to an agreement dated August 26, 2005 (“**Option Agreement**”) with Fronteer Development Group Inc. (“**Fronteer**”). To acquire a 51% interest the Company was required (i) to incur exploration expenditures on the Dixie Lake Property of at least \$300,000 on or before July 11, 2006, which it did, and (ii) make the following cash payments to Mr. Perry English (“**English**”), the individual who in 2002 originally granted Fronteer an option to acquire the Dixie Lake Property: (a) \$10,000 on signing the Option Agreement, which it did (b) \$25,000 on or before July 11, 2006, which it did, and (iii) \$40,000 on or before July 11, 2007 (which it did). In April 2011, Fronteer completed a transaction with Newmont Mining Corp (“**Newmont**”) whereby Newmont purchased all assets of Fronteer. The deal had no immediate impact on the Company’s joint venture agreement. There is no known commercially mineable mineral deposit on the Dixie Lake Property.

### ***Background***

In December 2002, English granted Fronteer an option to acquire a 100% interest in the Dixie Lake Property. The amount of consideration Fronteer had to pay English to exercise the option depended upon whether the property was deemed to be a “Property of Merit,” as defined under Canadian regulations. Property of Merit means a property that would qualify as a sufficiently advanced property for purposes of Fronteer’s listing on the TSX Venture Exchange in Canada.

Once the Dixie Lake Property was deemed to be a Property of Merit, Fronteer could exercise the option by (i) paying English a total of \$80,000 in staged payments covering four years from December 2002, and (ii) issuing English a total of 200,000 shares of its common stock within 36 months of December 2002. If the Dixie Lake Property was not deemed to be a Property of Merit, Fronteer could exercise the option by (i) paying English a total of \$80,000 in staged payments over four years from the date the TSX Venture Exchange notified Fronteer that the Dixie Lake Property did not qualify as a Property of Merit, and (ii) issuing English a total of 190,000 shares of its common stock within 48 months of being notified that the property did not qualify as a Property of Merit. The Dixie Lake Property was deemed to be a Property of Merit on July 11, 2003, allowing Fronteer to become listed on the TSX.

In the event the Dixie Lake Property goes into commercial production, of which there can be no assurance, English will be entitled to a Net Smelter Return royalty of 2%, which can be reduced to a 1% Net Smelter Return by the payment to English of \$1,000,000.

In connection with its acquisition of the option on the Dixie Lake Property, the Company issued 160,000 Shares to McKeena Gold Inc., a Canadian corporation, as a finder's fee.

On September 22, 2003 Fronteer entered into an agreement with Alberta Star Development Corp. ("Alberta Star") pursuant to which Fronteer granted Alberta Star an option to acquire a 50% interest in the Dixie Lake Property. Through November 30, 2004 Alberta Star reported that it had (i) spent approximately \$1,517,000 on exploration of the Dixie Lake Property, (ii) paid Fronteer \$35,000, and (iii) issued Fronteer 150,000 shares of its common stock. On July 10, 2005 Alberta Star notified Fronteer that it would not be proceeding with the Dixie Lake Property. Alberta Star has not disclosed its reason for declining its option.

#### ***Grandview Gold – Fronteer Option Agreement***

Under the terms of the Option Agreement with Fronteer the Company had the right to acquire a 51% interest in the Dixie Lake Property by (i) incurring \$300,000 in exploration expenditures by July 11, 2006, which it completed, and (ii) paying English a total of \$75,000 by July 11, 2007 and by Fronteer fulfilling its remaining obligations to (i) issue to English 20,000 of its shares upon the signing of the Option Agreement with the Company, and (ii) issuing to English 20,000 shares of its common stock by July 11, 2006, which it did. In the summer of 2007 the Company presented to Fronteer a detailed accounting of the \$1,711,000 U.S. it had spent on exploration of the property. Fronteer has informed the Company that it had fulfilled its obligations under the Option Agreement and that the Company had earned a 51% interest in the Dixie Lake Property. Fronteer also advised the Company that it would be reducing its 49% participating interest in the property, to a 33% participating interest, thereby increasing the Company's interest to 67%.

At the time the Company earned its interest, the Company and Fronteer were deemed to have formed a joint venture for the further exploration and, if warranted, of which there can be no assurance, the development of the property.

In April 2011, Fronteer completed a transaction with Newmont Mining Corp ("**Newmont**") whereby Newmont purchased all assets of Fronteer. The deal had no immediate impact on the Company's joint venture agreement.

The Company is the operator of the exploration programs on the Dixie Lake Property and it is the Company's responsibility to prepare a proposed exploration program and budget.

The Company's interest in the joint venture is 67% and Newmont is 33%. Accordingly, the Company will be responsible for providing 67% of all exploration funds and Newmont's funding obligations will be 33%.

If either the Company or Fronteer elects not to contribute their full amount under a proposed exploration program, such party's interest in the joint venture will be reduced proportionately, according to a formula set forth in the Option Agreement. If either party's participating interest falls below 10%, then that party's interest will automatically be converted into a 10% net profit royalty.

### Property Description and Location

The Dixie Lake Property is located in Northwestern Ontario approximately 24 kilometers from the town of Red Lake. The property covers approximately 1,790 hectares and consists of 49 claims, in the Red Lake Mining Division. Management believes that all of the claims are in good standing. It is believed that neither Frontier nor English owns the surface rights to the claims and that in order to retain the mineral rights, assessment work must be submitted. In order to maintain its interests in the claims a total of approximately \$46,000 must be spent over the next four years.

### Accessibility, Climate, Local Resources, and Infrastructure

The property is located approximately 24 kilometers southeast of the town of Red Lake Ontario, directly east of Dixie Lake, between Dixie Lake and Rice Lake, south of Highway 105. The property straddles Dixie Creek.

Access to the property is via Highway 105, then four kilometers to the southwest along Tucyk Road. Several old logging roads from Tucyk Road provide direct access to much of the property. The main power lines to Red Lake are located one kilometer north of the property. The town of Red Lake is a well-established mining center where supplies, support services and experienced mining personnel are readily available.

The area's climate ranges from -40 degrees Celsius in the winter to 40 degrees Celsius in the summer. The annual precipitation averages 634 millimeters, with approximately 455 millimeters falling as rain in the summer, and the remainder falling as snow in the winter.

Figure 1. General Location Map; Dixie Lake Project

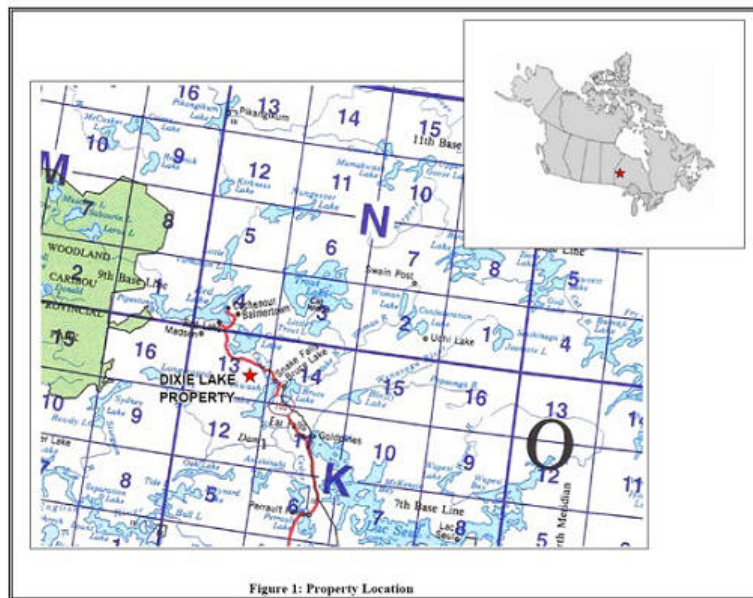
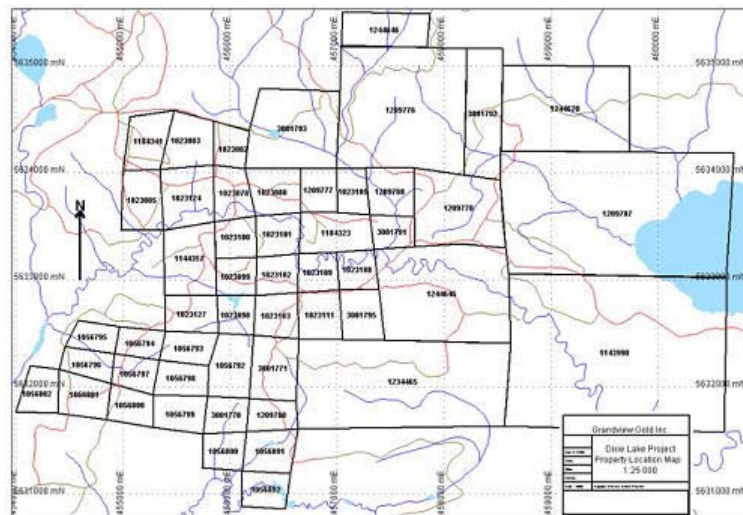


Figure 2. Dixie Lake Claim Map.



### Geology

Limited bedrock on the property makes comprehensive geological mapping very difficult. Accordingly, most of the property is poorly mapped. Bedrock is exposed mainly along Dixie Creek and on several low hills in the area. Due to the adverse field conditions on the property, including the prevalence of deep silts and clay deposits, Management believes it is unrealistic to learn more about the area's lithological make-up from geological mapping.

The Dixie Lake Property lies within a regional east-west trending belt of metavolcanic and metasedimentary rocks which are bounded by intrusive batholiths. The property is dominated by a central package of higher magnetic response, which is comprised of mafic volcanic flows and tuffs with intercalated iron formation, argillite, and local felsic volcanics. Magnetic patterns reflect the underlying formations: analysis of the central area indicates the presence of iron and pyrrhotitic argillite, while analysis of other areas show a lower magnetic response. There is no known commercially mineable mineral deposit on the Dixie Lake Property.

## ***History***

According to various reports Management of the Company has reviewed, there has been much exploration in the general area of the Dixie Lake Property going back to the 1940s. Numerous companies have conducted drilling, geophysical surveys, trenching, sampling, prospecting, geological mapping, and related exploration activities in areas near the Dixie Lake Property. However, it is unclear from these reports what work was done on the claims comprising the Dixie Lake Property, and what work was done on claims in the general, surrounding area. Management does not believe that any gold has ever been recovered from any claims on the Dixie Lake Property and there is no known commercially mineable mineral deposit on the property.

Alberta Star conducted exploration on the Dixie Lake Property from 2003 through 2004 pursuant to its option agreement with Fronteer. Alberta Star has publicly reported that it drilled 22 holes over a total of 6,594 meters, completed a ground magnetometer survey, and collected soil samples for analysis. Alberta Star has disclosed that its exploration encountered some gold mineralization, in small amounts. However, no feasibility study has been conducted on the property and there is no known commercially mineable mineral deposit on the Dixie Lake Property.

## ***Previous Exploration Programs***

In 2005, the Company completed a 16-hole drilling program, covering 2,765 feet, at a cost of \$425,000, on the Dixie Lake Property. The drilling encountered gold mineralization so the Company retained SRK Consulting to review the work that was completed and to recommend an exploration program for 2006. Following the work conducted by SRK, the Company revised its exploration program.

For the Spring 2006 drill program a total of five drill holes, covering 1,030 meters was completed. Although initial plans called for a larger drill program, because of difficulties resulting from the timing of the program and associated difficulties with the spring run-off, certain targets could not be drilled. In addition, access across Dixie Creek to the some of the planned targets was hampered by ground conditions and the close of the only bridge crossing permitting access to the property. Finally, the Company concluded for environmental reasons the drilling should be suspended until early summer.

The Company completed two drilling campaigns between the summer of 2007 and the winter 2008 on the Dixie Lake property. The summer 2007 program consisted of 18 diamond drill holes totaling 4,561.5 meters on selected targets including the 88-4 Zone, 88-4 West, Main Zone and MMI East Zone based on recommendations from previous work programs. The results of that work indicate continuity of previously identified mineralization in the Main Zone, 88-4 and 88-4 West Zone at depth or along strike. Grades remained at historical levels. Drilling also made a significant discovery of a new zone of quartz veining with high grade mineralization and abundant visible gold, subsequently named the New South Zone ("NS Zone"). Based on these results, the Company carried out a brief two hole (575 meter) drill program in early January 2008 to follow up on the first pass results.

Previously unrecognized lode gold style mineralization was encountered in the New South (NS) Zone. Overall, six diamond drill holes were drilled into the NS zone subsequent to the discovery, with four drill holes intersecting significant gold mineralization (DC-10-07, DC-15-07, DC-18-07, and DL-08-01R (see chart below)). The Company is currently evaluating additional drilling to fully constrain the geometry of the lode gold bearing quartz veins.

Hole Number	Azimuth	Dip	From (m)	To (m)	Length (m)	Grade (g/t Au)
DC-10-07	090°	-60°	181.83	182.30	0.47	163.75
			200.62	203.48	2.86	22.90
Incl			202.12	203.12	1.00	61.97
DC -15-07	070°	-55°	176.60	182.95	6.35	4.28
Incl			176.60	178.30	1.70	11.30
DC-18-07	070°	-55°	156.83	158.17	1.34	7.04
DC-08-1R	090°	-60°	127.60	129.80	2.20	18.26

Drilling of the 88-04 Zone (1.57 g/t Au over 13.13 meters and 2.43 g/t Au over 4.0 meters) indicated the one continues to be open to depth and along strike to the east. Additional results from holes DC-01-07 (9.25 g/t Au and 6.02 g/t over 1 meter widths) and DC-04-07 (3.55 g/t Au over 3.0 meters) are encouraging as they continue to demonstrate the mineralizing potential of the Dixie Lake property.

During fiscal 2009 the Dixie Lake project saw limited geological work due to work commitments on other projects and limited funding. Work centered primarily on report writing with respect to the 2009 winter drilling program and further geological interpretation and computer modeling. Gemcom was contracted to consolidate all drilling data and model mineralised zones at both the 88-04 Zone and limited information on the NS Zone. That modeling was used as the basis for an exploration program to be carried out in the summer of 2009 on the Property.

June 2009 the Company completed a diamond drill program of 6 NQ drill holes for a total of 1556.8 metres. The holes were designed to test mineralisation intersected from previous drilling, specifically, extensions to & infill of, the 88-4 Zone, continuity between the 88-4 Zone & the 88-4 extension, & the high grade quartz veining, South of the 88-4 Zone. Gemcom software modeling of the drill database produced additional drill targets based on previous anomalous gold intersections tied to the known geology.

Highest assays from this latest drilling were returned from intercepts of the 'High Grade Zone', with 0.476 oz. Au/t over 0.5 metres, & 4.79 g/t Au over 1 metre, & 3.52 g/t Au over 1.5 metres, within the 88-04 zone. Intercepts from the 88-4 area are hosted by a sulphidic, silicic quartz veined chert-argillite between mafic volcanic sequences.

The gold appears to be confined by a zone of variably moderate to high strain, at or proximal to several mesoscale fold hinges, with higher grade gold confined to specific as yet poorly defined steeply plunging discrete smaller scale high strain sub-sets.

During fiscal 2012 the Company completed a 9 hole, 2,021.79 metre drill program on the 88-4 Zone. The purpose of the drill program was to verify historic drill results from previous operators and the Company so that information could be used in a new resource estimate that would meet NI 43-101 standards. The best assay results include 11.3 m assaying 6.90 g/t Au from hole DL-05, 10.9 m grading 2.24 g/t Au from hole DL-11-03 and 11.1 m assaying 1.04 g/t Au from hole DL-11-02. At the time this document was published the full report has not been completed. As appropriate, the information will be released once the revised resource estimate and model has been completed.

There is no known commercially mineable mineral deposit on the Dixie Lake Property.

#### **Loisan Property, Red Lake, Ontario, Canada**

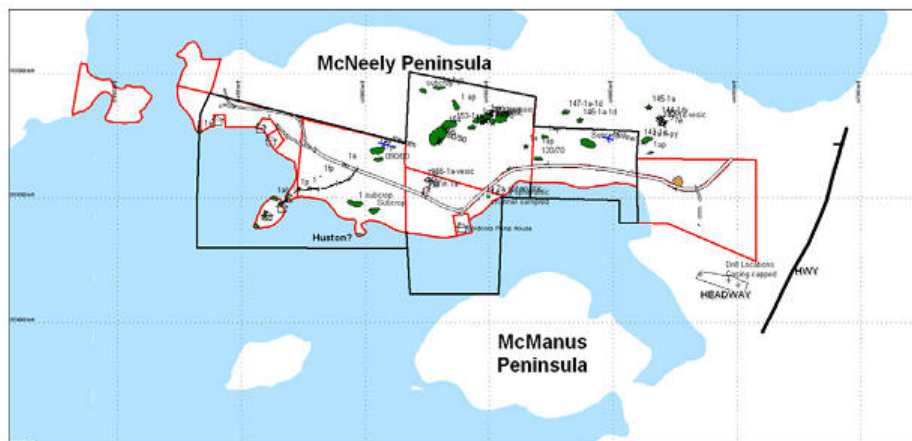
The Company currently holds a 100% interest in eight mining claims covering approximately 60 hectares in the Red Lake Area, District of Kenora, in northwestern Ontario (the “**Loisan Property**”). The Red Lake area currently hosts two high-grade, world-class gold mines, Goldcorp’s Red Lake Mine and Placer Dome’s Campbell Gold Mine, each located approximately 25 kilometers from the Company’s claims. However, there can be no assurance a commercially mineable mineral deposit exists on the Red Lake Property.

There are no requirements by the Company to make additional payments or filings to keep these claims in good standing as they are held under patents.

#### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Red Lake area is serviced by paved provincial highway 105 from the Trans Canada highway. The property is covered by relatively thin glacial debris. Much of the claims have waterfront access to Red Lake. A paved road, Sandy Point Road, transects many of the claims. Electric power and telephone lines also cross the property. Several year-round homes are located on surface rights of some of the claims.

Figure 3: Loisan Property Location Map



There are no parks or developments other than several year-round homes are located on surface rights of some of the claims. The property can be easily accessed by boat, ski-doo, motor vehicle, or float plane.

The climate is typical mid-latitude continental. Field operations on most of the property are possible year round.

#### **Exploration and Development**

To date, the Company has not carried out any exploration or development on the Loisan Property and we have no definitive plans for future work at this time.

#### **Sanshaw-Bonanza Property, Red Lake, Ontario, Canada**

The Company has acquired an option to acquire a 60% interest in ten unpatented and two patented mining claims, located near Red Lake, Ontario. The Company acquired its option pursuant to an Option Agreement with EMCO Corporation SA (“EMCO”) dated October 30, 2006, amended June 18, 2007. In order to earn its interest the Company is required to (i) incur exploration expenditures of at least \$500,000 by August 31, 2008, (ii) issue EMCO a total of 215,000 of its Shares, and (iii) issue EMCO warrants to acquire 200,000 Shares, at an exercise price of \$1.40 per Share, expiring February 7, 2010. At such time as the Company earns the 60% interest in the property, the Company and EMCO will be deemed to have formed a joint venture, on terms to be negotiated that will include:

(a) The initial participating interests in the joint venture will be 60% for the Company and 40% for EMCO, subject to adjustment if a party’s contribution to the joint venture is less than its participating interest; and

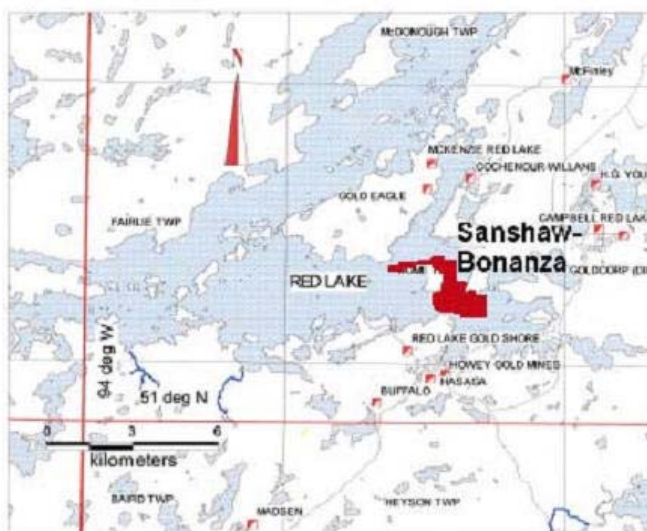
(b) if either party's participating interest falls below 10%, then that party's interest will be converted into a 3% Net Smelter Royalty.

April 28, 2010 the Company announced that it had acquired the remaining 40% interest in the Property from EMCO Corporation S.A. ("EMCO") and had acquired two additional patented claims and two additional unpatented claims from Perry English ("English") to complete the current property package. To acquire the remaining 40% interest agreement in the property and eliminate any NSR due EMCO under the previous Grandview paid EMCO \$25,000 in cash and issued 50,000 common shares. Grandview also acquired from English two additional unpatented mining claims and two patented mining claims contiguous to the Bonanza Property for aggregate consideration of \$60,000 cash and issuing 500,000 common shares. Concurrently the Company also purchased 75% of the outstanding 1.5% NSR due English on the property.

#### ***Property Description and Location***

The property consists of 12 unpatented and 2 patented claims, located on Red Lake, approximately 1.5 kilometers north of the town of Red Lake, Ontario. Much of the property area is overlain by Red Lake, with the exception of two claims on Whitehorse Island. Access to the area during summer month is most easily accomplished via boat and in the winter months via ice roads from the town of Red Lake.

Figure 4: Sanshaw-Bonanza Property Location Map



#### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The region is covered with a variable layer of poorly documented till and associated fluvio-glacial and lacustrine sediments, in the order of 0 to 15 meters in thickness. Outcrop percentage overall is less than 1%. On Whitehorse Island, there is negligible outcrop, though a few scattered exposures of Dome Stock intrusive rock have been cursorily mapped by previous workers.

Topographically, the area is characterized as low rolling relief, with moderate drainage on thin to medium thickness glacial and fluvio-glacial deposits. Elevations range from about 350 to 400 meters above sea-level.

Nearly all of the original vegetation has either been logged off or burnt.

Red Lake is located at the terminus of Highway 105, some 175 kilometers North of Kenora, and reached via the Trans Canada Highway. The Municipality of Red Lake is serviced by regular flights from Winnipeg and Thunder Bay, seven days a week.

#### ***History***

Exploration was conducted in the mid-late 1930s and to 1948. Drilling on the property intersected visible gold in quartz veined, strongly silicic granodiorite/granite contact zone separating the Howey Stock from intermediate volcanic rocks of the Ball assemblage. A shaft was sunk and underground development was carried out on 2 levels with minor bulk sampling providing the above-mentioned resource.

During this period, further drilling underground and on Red Lake failed to prove up additional grade and tons and significant exploration was not resumed until the 1970s, when Bonanza Red Lake Explorations drilled additional holes on the Lake to trace previous known mineralized trends, this part of a feasibility study to include consideration of dewatering the shaft.



From 1987 to 1989 Pure Gold Resources and Noramco resumed exploration with a large drill program, effectively replicating old drilling, outlined a 300 meter wide, 125 m deep, 125 meter long mineralized system with a calculated resource of 300,000 tons grading 0.08 oz per ton of gold. This historical resource estimate is based on data and reports prepared by previous operators in 1988 (Winter, L.D.S., 1988. Summary Report on the Geology and the 1987-1988 Exploration Programme on the Bonanza (Red Lake) Property, Dome Township; For Noramco Mining Corporation). The Company has not completed the work necessary to have the historical estimate verified by a Qualified Person. The Company is not treating the estimate as a current NI 43-101 defined resource and the historical estimate should not be relied upon. The property will require considerable future exploration which the Company will consider in due course.

Other drilling on a smaller scale returned generally disappointing results as efforts were made to drill deeper targets along strike.

Various operators have completed numerous geophysical surveys and that data has been compiled with other relevant data for future use.

### ***Regional Geology***

The Sanshaw-Bonanza property is located within the Uchi Subprovince of the Archean Province, northwestern Ontario. The region is typically sub-divided into four major subprovinces, specifically the Uchi which contains the Red Lake and Confederation Lake greenstone belts, the South adjacent, predominantly metasedimentary and igneous intrusive English River Subprovince, and the North adjacent Berens River Subprovince. The Sanshaw-Bonanza property lies within the Red Lake greenstone belt that hosts the world-class gold deposits now held by Goldcorp Inc.

## ***Mining Operations***

### ***Exploration and Development***

Previous to fiscal 2008, the Company has not carried out any exploration or development on the Sanshaw-Bonanza Property. The Company believes that in the past exploration has been conducted by other companies, although the scope of such work is not known. Although management believes that previous exploration on the property by other companies encountered some mineralization, the Company does not believe it can rely upon the previous results since it is unfamiliar with the methodology used and other details of the exploration.

The Company has reviewed the historical exploration data and has completed a preliminary geological model to help understand gold mineralization and identify controls on mineralization.

In fiscal 2008, the Company completed a five (5) hole diamond drill program totaling 1,087 meters. The drill program targeted geophysical and structural targets beneath the waters of Red Lake and thus drilling was carried out during the winter months in early 2008 when sufficient ice thickness was present.

Three holes targeted what is believed to be the southwest extension of a structural corridor from the Goldcorp/Premier Gold Bonanza property immediately adjacent to the Company's property. The drilling contractor had difficulties reaching bedrock and coring and after several attempts the holes were abandoned. The drill was pulled back to a land based setup and two holes were successfully drilled on the margin of the historic Orlac Deposit. Gold bearing mineralization was encountered in holes BS-08-03 and BS-08-04 in proximity to a granite-volcanoclastic contact zone. The following table summarizes these results:

Hole Number	From (m)	To (m)	Length (m)	Grade (g/tonne Au)
BS-08-03	295.7	298.7	3.0	2.41
Incl	296.7	297.7	1.0	3.50
BS-08-04	298.4	302.9	4.5	2.03

#### GIULIANITA PROPERTY

##### *Property Description and Location*

The Corporation currently holds an option to acquire 100% interest in the Giulianita Property located in northwest Peru, near the town of Suyo, in the Suyo District, Ayabaca Province, in the Department of Piura.

##### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The project is easily accessed from the Pan-American Highway, approximately 100 kilometers from the city of Piura via paved highway and then approximately 15 km along well developed gravel roads to the central part of the property.

This area of northwestern Peru is temperate to hot, with abundant precipitation in the rainy season (January to March) and extremely arid conditions the remainder of the year. Field operations can be carried out throughout the year. Vegetation includes various species of mid-sized deciduous trees (3 meters in height) and limited undergrowth.

The property covers an area of relatively low elevation with most hills no greater than 350 meters above sea level, and relative relief between hills and valleys of less than 50 meters.

The main water source is the Quiroz River which lies just 2 kilometers to the northeast of the project area. Accommodation, food, power and internet access is available in a number of small towns near the project.

### ***History***

Little historic work or information is available for the project as this area of Peru has seen little in the way of modern exploration work. Records indicate that some alluvial gold extraction was carried out briefly in the mid 1970's. Local artisanal mining and processing of ores has only occurred within the last three years and remains relatively unorganized by typical Peruvian standards.

### ***Geological Setting***

The project area is covered with an extensive layer of basaltic to andesitic volcanic flows and pyroclastics and arcose sediments of Middle Cretaceous age. Units are fractured and argillically altered in the volcanic outcroppings studied in the area of the prospect. Intrusive units of Upper Cretaceous to Tertiary age have been mapped in the project area and felsic domes are locally present.

Numerous NNW trending faults/veins are observed on the Property that controls both high-grade gold mineralization as well as disseminated gold targets. Mineralization is associated with highly altered (argillic and silicic) vein/fault system hosted within volcanic flows and volcanoclastic units of basaltic to andesitic composition. Several zones of mineralization have been identified on the property, but have not been actively explored in any detail. Zone One can be traced for approximately 400 m south-southeast on surface, and has at least three adits/shafts that host small-scale mining. Previous exploration work done in Zone One indicates that, at the primary outcropping the overall width reaches 4.5m, with individual continuous chip samples returning 25.6 g/T Au over 1.10m, 30.6 g/T Au over 1.5m, and 12.3 g/T Au over 1.6m from within the volcanic breccia unit, and 6.19 g/T Au over 2.6m from the hanging wall fractured volcanic unit. The southern extension of Zone One connects with Zone Four where previous work indicates gold mineralization is present at surface. Zones Two and Three are located 500 meters southeast of the previously mentioned targets and again demonstrate both high-grade gold vein and disseminated gold targets.

Zone Five is located 400 meters southwest of Zone One and hosts high-grade gold vein/shear structures similar to other targets. These areas of mineralization provide significant exploration potential on the property.

### ***Mining Operations***

The Corporation has not carried out any mining operations on the Giulianita Property.

### ***Exploration and Development***

During the 2011 fiscal year the Company continued to work with local community representatives and groups to gain the surface access rights permission necessary to carry out exploration and development on the property. On June 28<sup>th</sup>, 2011 the Company issued a press release announcing that the Company would cease funding work efforts at the Property until such time as the local community was able to deliver the necessary documentation and permissions for the Company to carry out unfettered exploration and development work. Work and payment commitments under the Option agreement have also been suspended. The Company intends to fully protect its mineral titles in Peru and remains committed to honor the community proposal that has been in the hands of the community executive for many months. The Company has resubmitted a request proposal to the community and is awaiting their response. The Company is optimistic that a resolution to the surface access rights may be achieved in the coming months and is working on a plan to restart financing and work programs when appropriate. On August 18, 2012, the Company finalized an amendment to the Option agreement. As per the amendment, the terms of the agreement are suspended until the local community grants the Company the necessary surface access rights. At such time that the Company is granted the rights, the terms of the agreement will resume. If the Company has not received the rights by May 31, 2013, it will relinquish its interest in the property and will be released from any obligations under the terms of the agreement.

### ***Bissett Gold Camp, Manitoba***

The Company acquired its initial interest in the Bissett Gold Camp on April 1, 2005. Currently the Bissett Gold Camp project consists of one mining claim, the Mel claim, located in the central area of the Bissett Gold Camp situated near the Manitoba/Ontario provincial border and approximately 240 kilometres northeast of Winnipeg. While the Company hopes to find gold on this property, there is no known commercially mineable mineral deposit on this property, and there can be no assurance that a commercially mineable mineral deposit exists on this property.

The Company had in the past had a significant landholding with the Bissett Gold Camp (GVG, Banksian and Angelina properties) but several exploration programs over the course of 4 years proved ineffective in identifying and significant mineralization with the potential to convert into an economic project. As a result, no effort was made to focus any further resources towards maintaining the claim groups in good standing. Apart from the sale of claims to Centerpoint and the Mel claim, the Company no longer has any active projects in the Province of Manitoba.

Effective November 30, 2010, Grandview entered into two agreements in respect of the sale of four mining claims owned by it and located in Manitoba, being the Packsak, Clapelou Patent Claims, CUPP2 Frac and CUPP3 Frac (collectively, the "**Claims**"). Two of the four Claims were transferred to Centerpoint Resources Inc. ("**Centerpoint**") and the remaining two were transferred to Centershield Gold Mines Inc., a subsidiary of Centerpoint. The Claims are not material to Grandview's exploration programs or strategy moving forward. Grandview received nominal cash consideration on closing and retained a 1% NSR over the Claims. Centerpoint is a related party of Grandview, and the agreement for Grandview to transfer the Claims constituted a related party transaction under Multilateral Instrument 61-101 *Take-Over Bids and Special Transactions* ("**MI 61-101**"). There had been no prior valuation in respect of the Claims and the transaction was not subject to the formal valuation requirements of MI 61-101 by virtue of subsection 5.5(a) thereof and was also exempt from minority shareholder approval requirements by virtue of subsection 5.7(1)(a) thereof, as at the relevant time neither the fair market value of the Claims nor the fair market value of the consideration being paid for the Claims exceeded 25% of Grandview's market capitalization as calculated in compliance with MI 61-101. The independent members of Grandview's Board considered and approved the sale transaction.

#### **Pony Creek/Elliott Dome Property, Elko County, Nevada**

As of May 26, 2009 the Corporation announced that it had ceased all operations at the Pony Creek/Elliott Dome project in Nevada and returned the project to Mill City Gold Inc. pursuant to the underlying agreements. The reader is directed to the 2009 20-F report for previous disclosure on this project.

## **ITEM 5: Operating and Financial Review and Prospects**

The following is a discussion of the results of operations of the Company for the fiscal years ended May 31, 2012, May 31, 2011 and May 31, 2010, and should be read in conjunction with the audited financial statements of the Company for such periods, together with the accompanying notes, included elsewhere in this Annual Report. Unless indicated otherwise, all references herein are to Canadian dollars. Please see *Item 3. Key Information* for exchange rate information for the Canadian dollar.

The Company's audited annual financial statements for the year ended May 31, 2012 with comparative information for 2011 was prepared in accordance with IFRS as issued by the IASB. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. Please see *Item 3. Key Information* for exchange rate information for the Canadian dollar. The comparative financial information of fiscal year 2011 has been restated to conform to IFRS, unless otherwise stated. A summary of the required changes is contained in Note 15 to the audited financial statements for 2012. A summary of the differences in Canadian GAAP and US GAAP, which affects the Company, is contained in Note 15 to the audited financial statements for 2011. A summary of the differences in IFRS and US GAAP is not required for financial statements prepared under IFRS, and accordingly has not been prepared for the fiscal year ended May 31, 2012.

### ***Overview***

Grandview is a mineral exploration company focused on the acquisition and exploration of gold and other precious metal properties in the Canada and Peru. At the present time none of the Company's properties contain a known commercially mineable mineral deposit.

The Company is engaged in the exploration and, if warranted, development of mineral properties in Canada and Peru. The Company is an exploration stage company and is not currently engaged in any mining operations, and there can be no assurance it will ever engage in mining operations. To date, its only mining interests are (i) a 67% interest in the Dixie Lake Property, located in the Red Lake Mining District, Ontario, Canada ("**Dixie Lake**") (ii) a 100% interest in eight mining claims in the Red Lake Mining District, Ontario, Canada (the "**Loisan Property**"), (iii) a 100% interest in 12 unpatented claims and 2 patented claims located in the Red Lake Mining District, Ontario, Canada (the "**Sanshaw-Bonanza Property**"), (iv) a 100% interest in one unpatented mineral claim located in Manitoba, Canada, (the "**Bissett Gold Camp Claim**"), and (v) an option to acquire up to a 100% interest in two mineral claims covering 400 hectares ("**Giulianita Property**") near Suyo District, Ayabaca Province, Piura Department, Peru.

Effective November 30, 2010, Grandview entered into two agreements in respect of the sale of four mining claims owned by it and located in Manitoba, being the Packsak, Capelou Patent Claims, CUPP2 Frac and CUPP3 Frac (collectively, the "**Claims**"). Two of the four Claims were transferred to Centerpoint Resources Inc.

("Centerpoint") and the remaining two were transferred to Centershield Gold Mines Inc., a subsidiary of Centerpoint. The Claims are not material to Grandview's exploration programs or strategy moving forward. Grandview received nominal cash consideration on closing and retained a 1% NSR over the Claims.

Due to past exploration results and lack of interested parties, the Company decided to let its Manitoba mineral claims reaching expiry period lapse over the past year and did not expend any further exploration dollars to maintain existing claim in good standing.

On July 15, 2009 the Corporation announced the signing of a Binding Memorandum of Understanding through its wholly-owned subsidiary Recuperación Realzada S.A.C., with a private Peruvian Group which grants a two-stage option (the "Option") to acquire up to a 100% interest in a 400 hectare property located in the Suyo District, Ayabaca Province, Piura Department, Peru.

The Company concentrated most of its resources on exploration the Giulianita Project in the Piura Department, Peru, exploring for and evaluating other potentially economic small-scale mining opportunities In Peru. During the 2011 fiscal year the Company continued to work with local community representatives and groups to gain the surface access rights permission necessary to carry out exploration and development on the property. On June 28<sup>th</sup>, 2011 the Company issued a press release announcing that the Company would cease funding work efforts at the property until such time as the local community was able to deliver the necessary documentation and permissions for the Company to carry out unfettered exploration and development work. The Company intends to fully protect its mineral titles in Peru and remains committed to honor the community proposal that has been in the hands of the community executive for many months.



There is no known commercially mineable mineral deposit on any of these properties, and there can be no assurance that a commercially mineable mineral deposit exists on any of these properties.

#### ***Giulianita Property, Peru***

The Company, through its subsidiary Recuperacion, has an option to acquire 100% of the Giulianita property in Ayabaca Province, Piura Department, Peru, through a two-stage option. The option provides the Company with a right to earn an 80% interest in the Giulianita property by: (i) making a cash payment of \$20,000 US dollars upon signing the agreement, which the Company has done, and by incurring \$1.4 million in exploration and development expenditures; and (ii) issuing a total of two million common shares of the Company over a three-year period. As at the date of this agreement, these expenditure obligations remain suspended until the local community provides necessary surface access rights on the property.

The remaining 20% may be acquired by making an additional payment of \$300,000 US dollars and issuing a further 250,000 common shares of the Company prior to the third anniversary date of the agreement. Efforts focused on negotiations with various communities for surface access rights to the project area and working with local community groups, government groups and consulting engineering groups in advance of surface exploration work. As at the date of this document, these payment obligations remain suspended until the local community provides necessary surface access rights on the property.

On August 18, 2012, the Company finalized an amendment to the option agreement. As per the amendment, the terms of the agreement are suspended until the local community grants the Company the necessary surface access rights. At such time that the Company is granted the rights, the terms of the agreement will resume. If the Company has not received the rights by May 31, 2013, it will relinquish its interest in the property and will be released from any obligations under the terms of the agreement.

During fiscal 2012, the Company spent \$117,099 on preliminary exploration and fieldwork and property acquisition costs, compared with \$370,916 for 2011, and \$275,804 for 2010. Cumulative exploration and acquisition costs incurred from the inception of the exploration stage to May 31, 2012 were \$763,819.

#### ***Red Lake Properties – Loisan, Dixie Lake and Sanshaw-Bonanza in Ontario, Canada***

Grandview has a 100% interest in eight mining claims, covering approximately 60 hectares, located in Red Lake, Ontario, Canada (the “**Loisan Property**”). Grandview has an option to acquire a 51% interest in the Dixie Lake Property, located in the Red Lake Mining District, Ontario, Canada (the “**Dixie Lake Property**”). Grandview may earn this interest by incurring exploration expenditures of \$300,000, which it has, make payments totaling \$75,000 to the underlying property vendor and by issuing 160,000 shares of the Company at \$1.25 per share (for a total value of \$200,000) to a third party as a finder’s fee. As of the date of this report Grandview has earned a 67% interest in the property by making completing the terms of the original agreement and making additional exploration expenditures on the property.

Grandview has an option to acquire a 60% interest in ten (10) unpatented claims located at Red Lake, Ontario (the “**Sanshaw-Bonanza Property**”). Grandview earned this interest by completing the required work and payments as defined in an amended agreement with EMCO Corporation SA (“**EMCO**”). Those terms were; incurring \$500,000 in resource exploration and development expenditures and by issuing 100,000 common shares of the Company in addition to the 55,000 shares already issued to EMCO (155,000 common shares were issued and valued at \$57,000 up to August 31, 2007) and also by issuing 200,000 warrants at an exercise price of \$1.40 per share (which expire 36 months from the date of issuance).

Grandview had previously completed expenditure requirements to earn a 60% interest in the property as per an option agreement with EMCO dated February 7, 2007. To acquire the remaining 40% interest in the property, the Company paid EMCO \$25,000 CAD in cash and issued 50,000 common shares in its capital. Also, the Company expanded the property parcel by acquiring two unpatented claims and two patented claims from Perry English (“**English**”) for aggregate consideration of \$60,000 CAD in cash and the issuance of 500,000 common shares in its capital. Concurrently, the Company also purchased 75% of the outstanding 1.5% NSR on the property from English for \$25,000 CAD cash. Cumulative expenditures related to the Transaction totaled \$110,000 CAD cash and 550,000 common shares of the Company.

Exploration costs of \$539,624 were incurred during 2012. Exploration costs of \$48,070 and \$431,174 respectively were incurred during 2011 and 2010 on the Red Lake Properties. Cumulative exploration costs incurred from the inception of the exploration stage to May 31, 2012 are \$4,461,639.

***Rice Lake Properties – Bissett, GVG, Angelina and Banksian in Manitoba, Canada***

Grandview owns a 100% interest in one (1) mining interests, the Mel Claim, located in Manitoba, Canada (the “**Bissett Gold Camp Claim**”).

At the end of fiscal 2009, the Company wrote off the total accumulated capitalized exploration expenditures incurred on these properties of \$1,557,112 (2010: \$Nil, 2008: \$Nil).

***Pony Creek / Elliot Dome Properties in the State of Nevada***

In May 2009 the Company announced that it had ceased all operations at the Pony Creek/Elliot Dome project in Nevada and returned the project to Mill City Gold Inc. pursuant to the underlying agreements.

At the end of fiscal 2009, and as a result of cessation of operations at the Pony Creek/Elliot Dome during 2009, the Company wrote off the total accumulated capitalized exploration expenditures incurred on these properties of \$5,903,342 (2010: \$Nil, 2008: \$Nil).

***Private Placements***

On July 22, 2004, the Company completed a private placement offering of up to 120,000 common shares at the subscription price of \$1.00 per common share, for total gross proceeds of \$120,000. The proceeds from the offering were used by the Company to fund its general working capital and exploration programs at the Pony Creek / Elliott Dome Property, Nevada.

On August 23, 2004, the Company completed a private placement offering of up to 150,000 common shares at the subscription price of \$1.00 per common share for total gross proceeds of \$150,000. The proceeds from the offering were used by the Company to fund its exploration programs at the Pony Creek Elliott Dome Property, Nevada.

On September 30, 2004, the Company completed a private placement offering of up to 175,000 common shares at the subscription price of \$1.00 per common share for total gross proceeds of \$175,000. The proceeds from the offering were used by the Company to fund its general working capital requirements

On December 23, 2004, the Company completed a private placement offering of up to 1,005,000 units, with each such unit being comprised of one common share and one half of one purchase warrant where each whole purchase warrant is exercisable into one additional common share upon payment of \$1.50, at the subscription price of \$1.00 per unit for total gross proceeds of \$1,005,000. The proceeds from the offering were used by the Company to fund its exploration programs at the Pony Creek / Elliott Dome Property, Nevada and general working capital.

On August 31, 2005, September 15, 2005 and October 19, 2005, Grandview completed a private placement offering in three tranches resulting in the placement of a total of 1,389,424 units, with each such unit being comprised of one common share and one half of one purchase warrant, where each whole purchase warrant is exercisable into one additional common share upon payment of \$1.75, at the subscription price of \$1.25 per unit and 1,620,000 flow through common shares at \$1.25 per flow through common share for total gross proceeds of \$3,761,780. The proceeds from the offering were used by Grandview to fund its exploration programs on its Canadian and US properties and for general working capital.

On March 27, 2006, Grandview completed a private placement offering of 3,985,974 units, with each such unit being comprised of one common share and one half of one purchase warrant where each whole purchase warrant is exercisable into one additional common share upon payment of \$1.75, at the subscription price of \$1.10 per unit for total gross proceeds of \$4,384,571. The proceeds from the offering were used by Grandview to fund its exploration programs on its Canadian and US properties and for general working capital.

The Company raised gross proceeds of \$1,559,999 by way of a non-brokered private placement concluded on December 28, 2006. The private placement consisted of 2,399,998 flow-through units at a price of \$0.65 per unit. Each unit consists of one flow-through common share of the Company and one-half of one non-flow-through share purchase warrant. Each whole warrant is exercisable at a price of \$1.40 for a period of 24 months from closing to acquire one common share of the Company. The Company paid a finder's fee of 8 percent of the gross proceeds raised under the private placement and issued finder's options to acquire non-flow-through Units of the Company at a price of \$0.65 per unit for a period of 24 months from closing. The proceeds from the Unit offering were used to fund the Company's Canadian gold exploration programs at the Rocky Ridge Property in Manitoba, the Rice Lake Properties in Manitoba and the Red Lake Properties in Ontario.

On March 16, 2007, the Company completed a private placement offering of 3,250,000 units, with each such unit being comprised of one common share and one half of one purchase warrant where each whole purchase warrant is exercisable into one additional common share upon payment of \$0.65, at the subscription price of \$0.45 per unit for total gross proceeds of \$1,462,500.00. The proceeds from the offering were used by the Company to fund its exploration programs on its Canadian and US properties and for general working capital.

On July 6, 2007, the Company completed a private placement offering of 8,589,000 units, at the subscription price of \$0.40 per unit for total gross proceeds of \$3,435,600. Each unit was comprised of one common share and one half of one purchase warrant with each whole purchase warrant exercisable into one additional common share upon payment of \$0.65 until July 9, 2007. The proceeds from the offering were used by the Company to fund its exploration programs on its Canadian and US properties and for general working capital. At the same time, the Company closed a non-brokered placement on the same terms for additional proceeds of \$50,000 on the sale of a further 125,000 units. In connection with the brokered placement, Grandview paid a cash fee to an Agent of 8% of the gross proceeds raised under the brokered placement and also issued broker warrants to acquire 8% of the total number of units issued under the brokered placement at a price of \$0.40 per unit for a period of 24 months from closing. In addition, Grandview also paid a cash work fee of \$7,500 for certain services of the Agent.

On December 21, 2007, the Company completed a private placement offering of 1,312,000 units, with each such unit being comprised of one common share and one half of one purchase warrant where each whole purchase warrant is exercisable into one additional common share upon payment of \$0.70, at the subscription price of \$0.55 per unit and 605,000 flow through common shares at \$0.65 per flow through common share for total gross proceeds of \$1,114,850. The proceeds from the offering were used by the Company to fund its exploration programs on its Canadian and US properties and for general working capital. On December 28, 2007, the Company completed a non-brokered private placement resulting in the issuance by the Company of a total of 538,000 flow through common shares at a price of \$0.65 per flow through common share for gross proceeds of \$349,700. The proceeds from the offering were used by the Company to fund its exploration program on its Canadian properties.

On December 5, 2008, the Company closed a brokered private placement with Sandfire Securities Inc. The Offering resulted in the issuance of 8,333,333 flow-through common shares to the MineralFields Group at a purchase price of \$0.05 per share for gross proceeds of \$416,666. The securities issued pursuant to Offering were subject to a four (4) month statutory hold commencing from the date of issuance. In connection with the Offering, Grandview paid a cash fee of 8% of the gross proceeds raised (\$33,333) under the offering and also issued broker warrants to acquire 666,666 Common Shares at a price of \$0.05 per common share for a period of 24 months after closing.

On December 8, 2009, Grandview completed a private placement with Centerpoint Resources Inc. consisting of 20 million units at a price of \$0.075 per unit for aggregate proceeds to Grandview of \$1,500,000. Each Unit consists of one common share and one common share purchase warrant with each whole warrant entitling the holder to acquire one further common share at a price of \$0.12, expiring 24 months from the date of issue. In addition, Grandview completed a concurrent non-brokered financing resulting in the issuance of an additional 6,666,665 units for proceeds of \$500,000.00, some of which units were acquired by directors and officers of the Company.

On December 31, 2010 the Company closed a non-brokered private placement with MineralFields Group resulting in the issuance by the Company of a total of 8,066,666 flow through units at a purchase price of \$0.075 per unit for gross proceeds to the Company of \$605,000. Each flow-through unit consists of 1 common share of Grandview issued on a flow-through basis and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one further common share on a non-flow through basis at a price of \$0.15 for the first 12 months and following issuance and \$0.20 for the second 12 months following issuance. In connection with this offering Grandview also paid a cash fee of 6% of the gross proceeds raised under the offering and also issued 604,999 finder's warrants each entitling the holder to acquire one common share and one-half of one common share purchase warrant at an exercise price of \$0.075 per finder's warrant. The warrants underlying the finder's warrants are exercisable on the same terms as the offering. The proceeds from the offering were used by the Company to fund its exploration programs on its Canadian properties.

#### **A. Operating Results**

For the past three years the Company's activities have concentrated on acquiring interests in mining properties in Canada and Peru, and exploring these mining properties and the mining properties in which it may earn an interest, as described above. During this time, no revenues were realized. The Company has funded operations during the period through the sale of its Shares.

##### ***Year ended May 31, 2012 compared with years ended May 31, 2011 and May 31, 2010***

Grandview incurred a net loss of \$248,817 for 2012, compared with \$408,907 for 2011. The reason for the variance is attributable to a decrease in general and admin expenses of 81,523 incurred during 2012. In addition, Grandview recognized \$80,667 of revenue for the premium on Flow-through shares issued in December 2010. Grandview incurred a net loss of \$408,907 for 2011, compared with \$880,403 for 2010. The reason for the variance is attributable to share-based payment expense of \$449,491 incurred during 2010, compared with \$Nil for 2011.

Cash flows used in operating activities for 2012 of \$382,903 compares with \$413,261 for 2011 and \$396,559 for 2010. The level of corporate and operational activity prior to 2009 was substantial, while 2010, 2011 and 2012 have seen low levels of exploration fieldwork and other corporate activities.

Grandview's working capital on May 31, 2012 was \$168,570 compared with \$1,155,078 on May 31, 2011 and \$1,407,869 on May 31, 2010. The decrease in working capital during the year ended May 31, 2012, was primarily due to expenditures incurred on the Company's mining interests to complete its flow-through commitment of \$605,000 and operating expenses.

The cash and short-term investment balance on May 31, 2012 was \$163,289 respectively, compared with cash and short-term investments on May 31, 2011 of \$1,177,679 and \$25,286 respectively, and \$1,432,824 and \$25,037 respectively, on May 31, 2010. The decrease in cash and short-term investment during the year ended May 31, 2012, was primarily due to expenditures incurred on the Company's mining interests to complete its flow-through commitment of \$605,000 and operating expenses.

The private placement of December 31, 2010 resulted in the issuance of 8,066,666 flow-through units, in turn comprised of one common share and one-half of one common share purchase warrant (4,033,332 common shares equivalent), for gross proceeds of \$605,000. In addition finder's warrants (604,999 common shares equivalent) were issued as part of the transaction.

The Company does not earn any revenue from its exploration and development activities and continues to incur net losses.

1,150,000 stock options were forfeited during 2012. 375,000 stock options were cancelled during 2011 and 250,000 stock options expired (no financial impact). 1,375,000 stock options expired during 2010 and 1,400,000 stock options were forfeited during 2010.

In 2012, the Company extended the expiration date of the 26,666,665 warrants issued on December 8, 2009 to December 3, 2012. They were scheduled to expire on December 3, 2011.

333,333 warrants were exercised during 2011 for gross proceeds of \$16,667. 333,333 warrants were exercised during 2010, for proceeds of \$16,667.

6,053,480 warrants expired during the 2010, resulting in a charge to contributed surplus of \$1,173,138.

As a result of its private placement transaction completed on December 8, 2009, the Company issued 26,666,665 common shares of the Company and 26,666,665 full warrants.

4,250,000 stock options were issued during 2010. The estimated fair market value of these options, and expensed during 2010, was \$449,491.

On January 7, 2010, the Company issued 360,937 common shares at a price of \$0.08 to settle a debt of \$28,875 in respect of services rendered by a consultant to the Company.

On January 20, 2010, the Company issued 200,000 common shares to Miguel Saldana related to the Guilianita Project in Peru.

On April 28, 2010, the Company issued 550,000 shares to EMCO Corporation S.A. to acquire the remaining 40% interest in its Sanshaw-Bonanza properties (see "Activities during fiscal 2010 above").

The Company does not earn any revenue from its exploration and development activities. While Grandview is dependent on the success of financing initiatives, management intends to strictly control all expenses and focus on creating value for shareholders by exploring and developing high-grade gold properties which it believes are to be the most promising.

As of May 31, 2012, the Company has \$137,752 of cash and cash equivalents and \$25,537 of short term investments.

In order to meet future expenditures and cover administrative and exploration costs beyond May 31, 2013, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance and there is substantial doubt that adequate funding will be available in the future, or available under terms favorable to the Company. If the Company is not able to secure sufficient financing, it is anticipated that payments on select amounts will be deferred to the extent possible, until additional financing is completed.

**Three months ended May 31, 2012 compared with three months ended May 31, 2011 (presented on an IFRS basis)**

Grandview incurred a net loss of \$122,419 for the fourth quarter 2012, compared with \$138,222 for the fourth quarter 2011. Cash flows used in operating activities for the fourth quarter 2012 of \$59,680 compares with \$43,346 for the fourth quarter 2011.

The general and administration expenses for the fourth quarters 2012 and 2011 respectively are reasonably consistent over the comparative periods.

The following tables set out financial performance highlights for the past eight quarters.

<b>IFRS</b>	<b>Fourth Quarter May. 31, 2012</b>	<b>Third Quarter Feb. 29, 2012</b>	<b>Second Quarter Nov. 30, 2011</b>	<b>First Quarter Aug. 31, 2011</b>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Expenses	\$ 122,788	\$ 36,632	\$ 88,245	\$ 82,397
Net Loss and Comprehensive Loss	\$ (122,419)	\$ (36,570)	\$ (7,515)	\$ (82,313)
Net Loss Per Share – Basic and Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Cash Flows Used in Operating Activities	\$ (59,680)	\$ (106,871)	\$ (70,686)	\$ (145,666)
Cash and Cash Equivalents & Short-Term Investments, End of Period	\$ 163,289	\$ 252,553	\$ 390,685	\$ 643,649
Assets	\$ 5,501,613	\$ 5,566,321	\$ 5,653,873	\$ 5,442,629

<b>IFRS</b>	<b>Fourth Quarter May. 31, 2011</b>	<b>Third Quarter Feb. 28, 2011</b>	<b>Second Quarter Nov. 30, 2010</b>	<b>First Quarter Aug. 31, 2010</b>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Expenses	\$ 140,298	\$ 98,636	\$ 88,330	\$ 84,321
Net Loss and Comprehensive Loss	\$ (138,222)	\$ (98,460)	\$ (87,967)	\$ (84,258)
Net Loss Per Share – Basic and Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Cash Flows Used in Operating Activities	\$ (43,346)	\$ (121,087)	\$ (140,233)	\$ (108,595)
Cash and Cash Equivalents & Short-Term Investments, End of Period	\$ 1,202,965	\$ 1,327,653	\$ 993,568	\$ 1,251,189
Assets	\$ 5,865,572	\$ 5,856,855	\$ 5,442,629	\$ 5,565,995

#### ***Proposed Transactions***

There are no proposed transactions at this time, although the Company does continue to evaluate potential merger, acquisition, investment and joint venture opportunities.

#### ***Critical Accounting Estimates and Accounting Policies***

The Company currently prepares its financial statements in accordance with IFRS and the preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amount of certain revenue and expenses during the period. Actual results could differ significantly from those estimates. The annual consolidated financial statements for the year ended May 31, 2012 include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the annual consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. 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.

#### ***Critical Accounting Estimates***

##### ***Recoverability of Mining Interests***

When there are indications that an asset may be impaired, management is required to estimate the asset's recoverable amount. The recoverable amount is the greater of the value in use and the fair value less selling costs. Determining the value in use requires management to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate the present value. This is subject to estimates and judgements related to mining assets in the exploration and evaluation stage including the Company's right to mine, results of exploration activities and managements planned expenditures. The largest obstacle to the Company's recoverability of its mining interests is obtaining surface access rights in the Giulianita property. However, the Company is optimistic that a resolution to the surface access rights may be achieved in the coming months. Based on management's assessment no impairment indicators of nonfinancial assets have been noted for the year ended May 31, 2012 or for the year ended May 31, 2011.

##### ***Stock-Based Compensation***

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stockbased compensation in the statement of operations based on estimates of forfeiture, expected lives of the underlying stock options and volatility. For the year ended May 31, 2012 the Company recognized \$Nil stockbased compensation expense (year ended May 31, 2011: \$Nil).



## **Critical Accounting Judgments**

### *Income taxes and recovery of deferred tax assets*

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

### *New Accounting Standards and Interpretations*

#### *IFRS 9 Financial Instruments (“IFRS 9”)*

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement [“IAS 39”]. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is assessing the impact of IFRS 9 on the financial statements.

#### *IFRS 10 Consolidated Financial Statements (“IFRS 10”)*

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). IFRS 10 is effective for the annual period beginning on or after January 1, 2013. The Company is assessing the impact of IFRS 10 on its financial statements.

*IFRS 11 Joint Arrangements ("IFRS 11")*

IFRS 11 replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures do not have the choice between equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 and IAS 36 Impairment of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. IFRS 11 is effective for the annual period beginning on or after January 1, 2013. The Company is assessing the impact of IFRS 11 on its financial statements.

*IFRS 13, Fair Value Measurement ("IFRS 13")*

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 13 on its consolidated financial statements.

There are no additional IFRS that will impact the Company's financial statements as at the date of the annual financial statements.

***Significant Accounting Policies***

Please refer to Note 2 to the Company's consolidated financial statements for the year ended May 31, 2012 for a full discussion of its significant accounting policies.

***Basis of presentation***

Grandview's consolidated financial statements for 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting for the year ended May 31, 2012. As these financial statements represent the Company's initial presentation of its results and financial position under IFRS, they were prepared in accordance with IFRS 1, First-time Adoption of IFRS. The Company's consolidated financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The impact of the transition from Canadian GAAP to IFRS is explained in Note 15 to the audited consolidated financial statements for 2012.

***Basis of consolidation***

The audited consolidated financial statements for 2012 include the assets, liabilities, revenues and expenses of the Company and its wholly owned subsidiary, Grandview Gold (USA) Inc. ("Grandview USA") and Recuperacion Realzada S.A.C ("Recuperacion"). All significant intercompany transactions and accounts are eliminated upon consolidation.

## ***Financial Instruments***

### *Financial Assets*

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following categories: financial assets at 'fair value through profit or loss' ("FVTPL") and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

### *Financial Liabilities*

Financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or to the net carrying amount on initial recognition.

*De-recognition of Financial Liabilities*

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire. The Company's financial instruments consist of the following:

*Financial Assets:*

Cash and cash equivalents

Short term investments

Sundry receivable

Reclamation bond

*Financial Liabilities:*

Accounts payable and other liabilities

*Classification:*

Loans and receivables

FVTPL

Loans and receivables

Loans and receivables

*Classification:*

Other financial liabilities

*Financial Instruments Recorded at Fair Value*

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices]; and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### ***Off-Balance-Sheet Arrangements***

There are no off-balance sheet arrangements.

### **B. Liquidity and Capital Resources**

At May 31, 2012, the Company had working capital of \$168,570 (May 31, 2011 – \$1,155,078). The Company had \$137,752 in cash and cash equivalents (May 31, 2011 - \$1,177,679). The decrease in cash and cash equivalents and working capital during the year ended May 31, 2012, was primarily due to expenditures incurred on the Company's mining interests to complete its flow-through commitment of \$605,000 and operating expenses.

The Company does not earn any revenue from its exploration and development activities. While Grandview is dependent on the success of financing initiatives, management intends to strictly control all expenses and focus on creating value for shareholders by exploring and developing high-grade gold properties which it believes are to be the most promising.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast substantial doubt upon the Company's ability to continue as a going concern. Management is actively pursuing funding options, being financing and alternative funding options, required to meet the Company's requirements on an ongoing basis. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. During the year ended May 31, 2012, the financial market climate has been very difficult for junior mining companies, such as Grandview. In addition, a local community in Peru has not granted permission to the Company to begin exploration or development of the Giulianita property. In June 2011, exploration activity, work commitments and payments under the Option agreement were suspended until the local community delivers key surface access rights to allow the Company to carry out advanced exploration and development plans on the property. The Company has resubmitted a request proposal to the community and is awaiting their response. The Company is working on a plan to restart financing and work programs when appropriate.

In order to meet future expenditures and cover administrative and exploration costs beyond May 31, 2013, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance and there is substantial doubt that adequate funding will be available in the future, or available under terms favorable to the Company. If the Company is not able to secure sufficient financing, it is anticipated that payments on select amounts will be deferred to the extent possible, until additional financing is completed.

Since all of the Company's interests are only at the exploration stage, the Company has no sources of revenue other than interest earned on its cash. The primary source of funding for the Company is the issue of equity capital.

The Company's capital requirements in the future will be largely dependent upon the success of its various exploration programs. Until such time as a feasibility study is completed and a production decision is made with regard to one of the Company's properties, it is expected that the only available source of future capital will be through the issuance of additional equity shares. The availability of equity capital, and the price at which additional equity could be issued, is dependent upon the success of the Company's exploration activities, and upon the state of the capital markets generally. See *Item 3D. Key Information: Risk Factors*.

#### C. Research and Development, Patents and Licenses, Etc.

During the last three fiscal years, the Company has not engaged in any research and development activities. Its activities have been focused on (i) raising funds through the sales of its Shares in various private placements, (ii) acquiring property interests in the United States and Canada, and (iii) conducting exploration activities on those properties.

#### D. Trend Information

Not applicable.

#### E. Off-Balance Sheet Arrangements

The Company is not engaged in any off-balance sheet arrangements.

#### F. Tabular Disclosure of Contractual Obligations

Contractual Obligations	Total	Up to 1 year	1 - 3 years	4 - 5 years	After 5 years
Capital Lease Obligations	\$nil	\$nil	\$nil	\$nil	\$nil
Operating Leases	\$nil	\$nil	\$nil	\$nil	\$nil
Purchase Obligations	\$nil	\$nil	\$nil	\$nil	\$nil
Other Long Term Obligations <sup>(2)</sup>	\$nil	\$nil	\$nil	\$nil	\$nil
Total Contractual Obligations <sup>(1)</sup>	\$1.4 million	\$nil	\$1.4 million	\$nil	\$nil
	<b>\$1.4 million</b>	<b>\$nil</b>	<b>\$1.4 million</b>	<b>\$nil</b>	<b>\$nil</b>

<sup>(1)</sup> The Company, through its subsidiary Recuperacion and in accordance with an option agreement, may earn an 80% interest in the Giulianita project by spending \$1.4 million over a three-year period on the property and issuing two million shares of the Company to a private Peruvian group. The Company may earn the remaining 20% by making an additional payment to this private Peruvian group of \$250,000. To date, \$150,000 of the \$1.4 million obligation has been spent. On August 18, 2012, the property owner agreed to suspend the terms under the agreement until the Company is granted necessary surface access rights. At such time the terms of the agreement will resume. If the Company is unable to obtain the access rights by May 31, 2013, it will relinquish its rights to its interest in the property and will be released from any contractual obligations.

<sup>(2)</sup> The Company has spent the required funds raised in conjunction with the December 31, 2010, flow-through private placement on eligible Canadian exploration expenditures on or before December 31, 2011.

Reference is made to *Item 4D. Information on the Company: Property, Plant and Equipment* for a discussion of the above payment obligations.

**ITEM 6: Directors, Senior Management, and Employees**

**A. Directors and Senior Management**

<b>Name</b>	<b>Title</b>	<b>Date of Birth</b>	<b>Date of First Election or Appointment</b>
Paul Sarjeant	President and CEO	May 29, 1960	November 1, 2006
Jack Austin	Chairman of the Board of Directors	March 2, 1932	December 8, 2009
Richard Brown	Director	March 25, 1958	March 26, 2004
Dr. Peter Born	Director	April 28, 1953	June 7, 2007
Carmelo Marrelli	Chief Financial Officer	May 19, 1971	December 8, 2011
R. Ian Mitchell	Corporate Secretary	October 25, 1977	November 7, 2005
Ken Hight	Director	October 9, 1948	May 12, 2008
Ted Nunn	Director	December 12, 1948	December 8, 2009

A brief education and relevant work history of our Directors and Management follows:

***Paul Sarjeant, President, CEO***

Mr. Sarjeant holds a B.Sc Honours, Geological Sciences, graduating from Queen's University in 1983. Mr. Sarjeant began his career with Echo Bay Mines Ltd as a project geologist working on projects in the NWT, Archean greenstone belts, Lupin Mine peripheral project, and skarn properties in BC and Ecuador. He ascended to Senior Geologist, International Exploration Group, responsible for project evaluation outside of North America, including precious and base metals projects in South America, East Africa, South East Asia, Russia, Mongolia, Australia, New Zealand and Europe. From 1993 until 1996, he was President and CEO of Auric Resources - a precious metals exploration company focused on Peru. From 1999 until his October, 2006 appointment to the office of President and CEO of Grandview Gold, Paul operated a securities business focused on strategic planning and investment analysis where he earned his CFP designation, as a certified financial planner Mr. Sarjeant is also a member in good standing with the Association of Engineers and Geoscientists of British Columbia.

***Jack Austin, Chairman of the Board of Director***

The Hon. Jack Austin, P.C, Q.C. is a graduate in law from the University of British Columbia and Harvard Law School. He practiced law in Vancouver for nearly 20 years specializing in natural resource law, securities and finance. In public life he served for four years as Deputy Minister of Energy, Mines and Resources in Ottawa, one and a half years as Chief of Staff to Prime Minister Trudeau, Cabinet Minister in the Trudeau government (1981-1984), and in the Martin government (2003-2006). Mr. Austin served as a Senator representing British Columbia from 1975 to 2007. Currently he is Senior Advisor-International to Stern Partners Inc. a private investment group, a director of two public companies, and President of Centerpoint Resources Inc. of Vancouver, a private company owned by Canadian and Chinese investors in the natural resources sector.



***Richard Brown, Director***

Mr. Brown is a partner at Alpha Resource Management Inc. Mr. Brown is a former partner with Osprey Capital (a private investment banking firm based in Toronto, Canada). Mr. Brown brings to the Company experience in public company administration, as he was previously chief financial officer of Navitrak International Company, a publicly traded company. Mr. Brown was responsible for all financial aspects of Navitrak, including raising over \$6 million in equity, the negotiation of bank facilities, acquisitions and the development of their business strategy. Prior to Navitrak, Mr. Brown spent ten years with the Bank of Nova Scotia and Scotia Capital Markets in New York, acting as Vice President from 1992-1997. During this time he worked as a corporate lending officer and head of investment grade fixed income origination, focusing primarily on Canadian issuers accessing the U.S. capital markets. Mr. Brown holds a Masters degree in finance from the Daniels School of Business at the University of Denver and a BA in Economics from the University of Guelph. Mr. Brown currently spends a minimum of 12 hours per week on the affairs of the Company. Mr. Brown also holds the position of Director on the Boards of: Phoenician Holdings Corp. and Navitrak International Corp.

***Dr. Peter Born, Director***

Dr. Born is a senior geologist with over 30 years of experience exploring and evaluating mining properties for senior and junior Canadian and United States resource companies. Dr. Born has been awarded on three occasions Canada's National Science and Engineering Research Council Post Graduate Scholarship. He is currently working from his Ottawa-based consulting firm for Canadian and United States resource companies. Dr. Born is a director of several TSXV companies and acts as Vice President of Exploration for Athabasca Uranium Inc.

***Carmelo Marrelli, Chief Financial Officer***

Mr. Marrelli, a Chartered Accountant and Certified General Accountant, Mr. Marrelli is also a member of the Institute of Chartered Secretaries and Administrators of Canada and holds a Bachelor of Commerce degree. He has experience in auditing and investment accounting, and as principal of Marrelli Support Services Inc., he directs and oversees the accounting function for the Group and its clients. Mr. Marrelli is also the Chief Financial Officer of several public junior mining companies.

***R. Ian Mitchell, Corporate Secretary***

Mr. Mitchell is an associate with the law firm WeirFoulds LLP, counsel to the Company, and his practice has focused on securities law and corporate finance. Mr. Mitchell holds a Bachelors degree (Honours) in Commerce from Queen's University as well as an L.L.B. from Dalhousie University.

***Ken Hight, Director***

Mr. Hight is known in the capital markets in North America and abroad for his 35 years experience, most recently as the CEO of Liquidnet Canada, a USA-based institutional marketplace. From 2005 through early 2008, Mr. Hight served as Executive Vice President Capital Markets of E\*Trade, New York, responsible for global equity trading and market making. He was responsible for the management of the Company's Institutional equity business, including market making, global institutional brokerage, electronic trading products (DMA), wholesale execution and the securities lending operations. Prior to E\*Trade Ken served as (founding) CEO and President of ITG Canada Inc, responsible for the implementation of competitive products and services, and charged with establishing the subsidiary in the Canadian market. Concurrently he was a member of the Executive Committee of Investment Technology Group, Inc. New York. Before joining ITG, Mr. Hight spent seven years with TD Securities where he served as Deputy Chair, responsible for Global Institutional Equities and as a member of the Executive Committee. In addition, he held several senior management positions with TD Bank in Australia, Canada and the United States. He is currently President & CEO of Portage Minerals Inc.

***Ted Nunn, P.Geo., Director***

Mr. Nunn has been associated with the mining industry for 41 years primarily working in project engineering and management for mine operating companies. Twenty of these years were experienced in the coal and industrial mineral industries for: Kaiser Resources, An Tai Bao Surface Coal Mine (China), Greymouth Coal (New Zealand), and Crystal Graphite Corporation (Canada & China). His metal mining experience included Cominco (four operations), Lornex Mining Corp., Echo Bay Mines, and Granduc Operating Company. His experience includes exploration, geological engineering, civil/structural engineering, mine engineering, contract management, financial analyses, governmental affairs, and project/construction management in both open pit and underground mining environments. Mr. Nunn is a Registered Professional Engineer in British Columbia graduating in Mining Engineering from Queen's University in 1975. Mr. Nunn is presently Vice President – Technical Services for Centerpoint Resources Inc., President of Centershield Gold Mines Inc., and a Director for Anglo Swiss Resources Inc.

**Compensation**

The compensation for the Company's executive officers for the fiscal years ended May 31, 2012, May 31, 2011, and May 31, 2010 is as set out below:

Name and Principal Position	Fiscal Year	Annual Compensation			Long Term Compensation		
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Options Granted (#)	Restricted Shares or Restricted Share Units (#)	All Other Compensation (\$)
Paul Sarjeant President, CEO and Director <sup>(1)</sup>	2012	112,500	Nil	Nil	Nil	Nil	Nil
	2011	150,000	Nil	Nil	Nil	Nil	Nil
	2010	150,000	Nil	Nil	650,000	Nil	10,000
Ernest Cleave Chief Financial Officer <sup>(2)</sup>	2012	21,000	Nil	Nil	Nil	Nil	Nil
	2011	36,000	Nil	Nil	Nil	Nil	Nil
	2010	36,000	Nil	Nil	Nil	Nil	Nil
Carmelo Marrelli Chief Financial Officer <sup>(3)</sup>	2012	7,500	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

1. Mr. Sarjeant became the President, CEO and Director of the Company on November 7, 2006.
2. Ernest Cleave was retained to act as CFO of the Company on January 6, 2006. Ernest Cleave stepped down as CFO of the Company, effective November 30, 2011.
3. Carmelo Marrelli was retained to act as CFO of the Company on December 8, 2011.

**Long-Term Incentive, Retirement and Pension Plans**

The Company does not have a long-term incentive plan or pension plan and does not provide retirement benefits to its employees.

**No Termination Agreements for Executive Officers and Directors**

The Company has no plans or arrangements that would result in the compensation of an executive officer or director in the event such person's employment is terminated, as a result of either resignation, retirement, change of control, or change of responsibilities following a change in control.

**Stock Option Plan**

On March 26, 2004 the Company's shareholders approved the establishment of a Stock Option Plan (the "Plan") for the purpose of providing incentives to directors, officers, employees and consultants of the Company. At the Company's Annual and Special Meeting of Shareholders held on November 30, 2006 the Company's shareholders approved certain changes to the Company's Stock Option Plan. As amended on November 30, 2006, the maximum number of Shares reserved for issue under the Plan cannot exceed 20% of the issued and outstanding Shares from time to time. The total number of Shares, which may be reserved for issuance in any 12-month period is subject to the following limitations:

- a) the number of Shares reserved for issuance pursuant to options granted to insiders cannot exceed 20% of the Company's issued and outstanding Shares;

b) the grant to insiders, within any twelve-month period, of Options reserving for issuance a number of Shares cannot exceed in the aggregate 10% of the Company's issued and outstanding Shares; c) the grant to any one individual, options reserving for issuance a number of Shares cannot exceed in the aggregate 5% of the Company's issued and outstanding Shares; d) the grant to all persons engaged by the Company to provide Investor Relations Activities, of options reserving for issuance a number of Shares cannot exceed in the aggregate 1% of the Company's outstanding number of listed securities; e) the grant to any one consultant of options reserving for issuance a number of Shares cannot exceed in the aggregate 2% of the Company's issued and outstanding Shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company. The options are non-assignable and may be granted for a term not exceeding five years.

The Plan is currently administered by the Board of Directors (the "administrator"). Options may be granted to purchase Shares on such terms that the administrator of the Plan may determine within the limitations of the Plan and subject to the rules of applicable regulatory authorities. In determining the number of optioned Shares that may be granted to each optionee, consideration will be given to the optionee's present and potential contribution to the success of the Company and to any applicable regulatory requirements.

Options may be granted under the Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Shares may be listed or may trade from time to time. The number of Shares reserved for issue to any one person pursuant to the Plan may not exceed 5% of the issued and outstanding Shares at the date of such grant.

The exercise price for options granted under the Plan may not be less than the "fair market value" of the Shares at the time of grant as determined by the administrator of the Plan but the TSX (or any other applicable stock exchange) for the ten trading days prior to the date of grant. Options are non-assignable and are exercisable for a period of up to five years from the date the option is granted (or up to ten years from the date of grant if permitted by applicable stock exchanges), subject to earlier termination after certain events such as the optionee's cessation of service to the Company or death.

#### ***Incentive Stock Options Granted***

There were no individual grants of options to purchase or acquire Shares to the Company's executive officers during 2012. The total outstanding stock options granted to executive officers as at May 31, 2012 is shown in the table below.

Name	Securities Under Options Granted (#)	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Paul Sarjeant	600,000	\$0.68	\$0.67 <sup>(1)</sup>	27-Sep-12
	650,000	\$0.15	\$0.12 <sup>(2)</sup>	23-June-15

**Notes:**

- (1) Closing price on the Toronto Stock Exchange on September 27, 2007.
- (2) Closing price on the Toronto Stock Exchange on June 23, 2009.

**B. Board Practices**

Each director is currently serving a one (1) year term, renewable at the annual shareholder meeting.

None of the Company's directors have any service contracts for serving as directors.

The Company has an Audit Committee, which recommends to the full Board of Directors the engagement of the independent auditors of the Company and reviews with the independent auditors the scope and results of the Company's audits, the Company's internal accounting controls, and the professional services furnished by the independent auditors to the Company. The Audit Committee meets as required to review the annual and quarterly financial statements, matters relating to the securities commissions, investments and transactions that could adversely affect the Company's well-being and management's recommendations regarding share issues of the Company. The Audit Committee also establishes and monitors procedures to reduce conflicts of interest and for reviewing audit and financial matters. Through meetings with external auditors and senior management, the Audit Committee discusses, among other things, the effectiveness of the internal control procedures established for the Company. At all times, at least one (1) audit committee member possesses accounting or related financial expertise, while the remaining members are, at minimum, possessed of significant experience in analyzing the financial condition of corporations. The Board of Directors has adopted a charter for the audit committee which sets out the responsibilities of the committee and provides guidance to committee members as to their duties which charter is set forth as an Exhibit 5B. *See Item 19. Exhibits.* The Audit Committee of the Company currently consists of three (3) members: D. Richard Brown (Chairman), Jack Austin and Peter Born.

In addition, the Company has a compensation committee. The Compensation Committee reviews compensation practices and management succession and approves the remuneration of the Company's senior executives, including the Chief Executive Officer. The Compensation Committee reviews matters such as compensation philosophy and remuneration policy, Board retainer fees, performance objectives, evaluation of the performance of the Chief Executive Officer, proposed stock option or share purchase plans, bonuses. The Compensation Committee also monitors the integrity of management through periodic meetings with the Chief Executive Officer. The members of the Compensation Committee are Messrs Ken Hight (Chairman), Ted Nunn, and Michael Hitch.

### C. Employees

As of the date hereof, the Company has no full time employees. The Company has consulting contracts with 2 individuals for various technical and executive services. These consultants are as follows: i) Doublewood Consulting (Paul Sarjeant) for senior executive duties relating to overall guidance and management of the company, ii) Carmelo Marrelli who acts as Chief Financial Officer for the Company.

### D. Share Ownership

The following table outlines shows the common shareholdings of the Directors and Senior Management, as at May 31, 2012.

Table No. 2: Shareholdings of Directors and Senior Management (at May 31, 2012)

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
Paul Sarjeant	133,333	0.16%
Richard Brown	105,000	0.13%
Peter Born	133,333	0.16%
Carmelo Marrelli	Nil	Nil
R. Ian Mitchell	Nil	Nil
Ken Hight	133,333	0.16%
Jack Austin	600,000	0.74%
Ted Nunn	Nil	nil

#### Notes:

1. These amounts do not reflect the Shares, which can be acquired pursuant to the exercise of stock options by Messrs. Sarjeant, Brown, Born, Marrelli, Hight, Austin and Nunn (see Stock Option Table below).

The following table sets forth the Company's outstanding stock options as at May 31, 2012.

Table No. 3: Stock Options Outstanding (at May 31, 2012)

Name	Number of Shares	Exercise Price \$	Expiration Date
Peter Born	150,000	0.68	27-Sep-12

Name	Number of Shares	Exercise Price \$	Expiration Date
Richard Brown	200,000	0.68	27-Sept-12
Laura Neubert	250,000	0.68	27-Sep-12
Paul Sarjeant	600,000	0.68	27-Sep-12
Peter Born	450,000	0.15	23-June-14
Richard Brown	450,000	0.15	23-June-14
Ken Hight	450,000	0.15	23-June-14
Paul Sarjeant	650,000	0.15	23-June-14
Jack Austin	450,000	0.15	9-Dec-14
Ted Nunn	450,000	0.15	9-Dec-14

## ITEM 7: Major Shareholders and Related Party Transactions

### A. Major Shareholders

On December 8, 2009, the Company closed a private placement purchase agreement with Centerpoint Resources Inc. ("Centerpoint"), resulting in aggregate proceeds to the Company treasury of \$1.5 million, to fund the exploration and development of the Giulianita project in Peru, and for the purpose of maintaining Canadian operations. The purchase agreement represents an investment by Centerpoint in Grandview, comprised of a private placement financing consisting of 20 million units (a "Unit") at a price of \$0.075 per unit for aggregate proceeds to Grandview of \$1,500,000. Each unit consists of one common share and one common share purchase warrant, with each whole warrant entitling the holder to acquire one further common share at a price of \$0.12, expiring 24 months from the date of issue.

As a result of this transaction, Centerpoint currently holds 20,000,000 common shares of the Company, representing 27.49% of the current issued and outstanding common shares of the Company.

Centerpoint is a privately held British Columbia corporation which invests in natural resource properties and also makes investments in companies, public and private, which operate in the natural resource sector.

At November 22, 2011, the Company had 113 U.S. holders of record, holding 791,100 common shares, which represented 1.05% of the Company's outstanding Shares. At such date, there were no arrangements, the operation of which could result in a change of control. All shareholders have the same voting rights with respect to the Shares.

## B. Related Party Transactions

i) For the year ended May 31, 2012, \$112,500 (year ended May 31, 2011 - \$150,000) was paid to the President and Chief Executive Officer (Paul T. Sarjeant) of the Company for consulting services. Included in this amount was \$61,375 (year ended May 31, 2011 - \$75,250) capitalized to mining interests. Included in accounts payable as at May 31, 2012 is \$nil (May 31, 2011 - \$nil and June 1, 2010 - \$nil) in relation to consulting services rendered.

ii) For the year ended May 31, 2012, \$21,000 (year ended May 31, 2011 - \$33,000) in consulting fees was paid or accrued to the former Chief Financial Officer (Ernest Cleave) or a company controlled by the former Chief Financial Officer. Included in accounts payable as at May 31, 2012 is \$2,471 (May 31, 2011 - \$nil and June 1, 2010 - \$6,000) in relation to consulting services rendered.

iii) For the year ended May 31, 2012, \$47,031 (year ended May 31, 2011 - \$41,584) in consulting and professional fees was paid or accrued to the current Chief Financial Officer (Carmelo Marrelli) or a company (Marrelli Support Services Inc.) controlled by the current Chief Financial Officer. Included in accounts payable as at May 31, 2012 is \$nil (May 31, 2011 - \$2,559 and June 1, 2010 - \$2,536) in relation to consulting services rendered.

iv) For the year ended May 31, 2012, \$300 (year ended May 31, 2011 - \$2,535) in filing fees was paid or accrued to a company (DSA Filing Services) controlled by the current Chief Financial Officer (Carmelo Marrelli). Included in accounts payable as at May 31, 2012 is \$nil (May 31, 2011 - \$nil and June 1, 2010 - \$nil) in relation to filing services rendered.

v) Effective November 30, 2010, the Company entered into two agreements in respect of the sale of four mining claims owned by it and located in Manitoba, being the Packsak, Clapelou Patent Claims, CUPP2 Frac and CUPP3 Frac (collectively, the "Claims"). Two of the four Claims were transferred to Centerpoint Resources Inc. ("Centerpoint") and the remaining two were transferred to Centershield Gold Mines Inc., a subsidiary of Centerpoint. The Company received nominal cash consideration on closing and retained a 1% NSR over the Claims. Two directors of the Company are senior officers with Centerpoint.

These transactions were in the normal course of operations and were measured at fair value.

There was no remuneration of Directors or key management personnel for the year ended March 31, 2012 (2011 - \$nil). The Board of Directors and select officers do not have employment or services contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

## Services Agreement

The Company entered into a consulting services agreement (the "Services Agreement") with Paul Sarjeant and his duly registered sole proprietorship whereby Mr. Sarjeant agreed to serve as the Company's Chief Executive Officer. Under the terms of the Services Agreement, the Company agreed to pay Mr. Sarjeant CDN \$12,500 per month in exchange for management, leadership and strategic business development services. The Services Agreement had a three-year term ending October 27, 2009. The contract was extended an additional two years, terminating October 27, 2011. Subsequently, Mr. Sarjeant has entered into a verbal agreement to continue with the Company for compensation of \$5,000 per month with no definite end date.

## Consulting Services Agreement

The Company entered into a consulting services agreement (the "Consulting Services Agreement") with Michael Hitch whereby Mr. Hitch agreed to serve as the Company's Chief Executive Officer. Under the terms of the Consulting services Agreement, the Company agreed to pay Mr. Hitch CDN \$6,250 per month in exchange for management, leadership and strategic business development services. The Consulting Services Agreement had a three-month term ending September 12, 2006. Although Mr. Hitch is no longer serving as Chief Executive Officer, he continues to provide consulting services to the Company and the contract has been extended to December 31, 2007, with a further option for renewal until December 31, 2008. The Consulting Agreement was renewed in December 2007 for a further one year term but the payments under the Consulting Contract were reduced to CDN \$5,000 per month. As of December 31, 2008 the consulting contract with Mr. Hitch was mutually terminated. The Company entered into a subsequent consulting services contract with Treswell Renewable Energy Corporation ("Treswell") on April 1, 2010, through which Treswell has agreed to provide the services of Dr. Michael Hitch as an operational consultant to various projects the Company undertakes. The agreement has a one-year term ending April 30, 2011 and can be renewed for one additional year upon agreement. The agreement was terminated on completion of the agreed to term.

July 21, 2009, the Company entered into a consulting agreement with Mr. Miguel Angel Saldana Mujica to provide consulting services as they apply to the exploration, development and ancillary matters in connection with the Giulianita Project in Peru. Mr. Saldana receives compensation for his services of US \$7,500 per month. The term of the contract is for a minimum one year, to a maximum of three years at the discretion of the Company based on certain accomplishments. Due to developments at the Giulianita project site, the contract was terminated effective June 31, 2011.

## C. Interests of Experts and Counsel

Not applicable.



**ITEM 8: Financial Information****A. Consolidated Statements and Other Financial Information**

Reference is made to *Item 18. Financial Statements* for the financial statements included in this Annual Report.

There are no legal proceedings of a material nature pending against the Company, or its subsidiaries. The Company is unaware of any legal proceedings known to be contemplated by any governmental authorities.

The Company has never paid a dividend and it is unlikely that the Company will declare or pay a dividend until warranted.

**B. Significant Changes**

Subsequent to May 31, 2012, there have been no significant changes in the Company's financial condition.

**ITEM 9: The Offering and Listing.****A. Offer and Listing Details**

The Company's Shares are currently listed for trading on the TSX (Toronto Stock Exchange) under the trading symbol "GVX" and in the United States on the OTC Bulletin Board under the symbol "GVGDF". Prior to April, 2006, the Company's Shares were listed and posted for trading on the CNQ.

Following is information on the trading history of the Company's Shares:

Below is a table with the annual high and low of the Shares for the five most recent full financial years on the TSX Exchange:

<b>TSX Exchange</b>		
<b>MONTH AND YEAR</b>	<b>LOW (\$)</b>	<b>HIGH (\$)</b>
June 1, 2007 – May 31, 2008	0.23	1.40
June 1, 2008 – May 31, 2009	0.04	0.30
June 1, 2009 – May 31, 2010	0.05	0.14
June 1, 2010 – May 31, 2011	0.05	0.10
June 1, 2011 – May 31, 2012	0.03	0.08

The Company's Shares commenced traded on the OTC Bulletin Board on February 23, 2006. Below is a table with the annual high and low of the Shares for the five most recent full financial years on the OTC Bulletin Board:

<b>OTC Bulletin Board</b>		
<b>MONTH AND YEAR</b>	<b>LOW (\$)</b>	<b>HIGH (\$)</b>
June 1, 2007 – May 31, 2008	0.22	1.50
June 1, 2008 – May 31, 2009	0.03	0.36
June 1, 2009 – May 31, 2010	0.06	0.15
June 1, 2010 – May 31, 2011	0.04	0.09
June 1, 2011 – May 31, 2012	0.01	0.09

Below is a table with the high and low of the Shares for each full financial quarter for the two most recent full financial years, subsequent interim periods and the period June 1, 2012 to August 24, 2012 as quoted on the TSX Exchange:

<b>TSX Exchange</b>		
<b>MONTH AND YEAR</b>	<b>LOW (\$)</b>	<b>HIGH (\$)</b>
June 1, 2010 – August 31, 2010	0.05	0.09
September 1, 2010 – November 30, 2010	0.06	0.10
December 1, 2010 – February 2011	0.06	0.08
March 1, 2011 – May 31, 2011	0.05	0.08
June 1, 2011 – August 31, 2011	0.05	0.08
September 1, 2011 – November 30, 2011	0.03	0.07
December 1, 2011 - February 29, 2012	0.03	0.05
March 1, 2012 – May 31, 2012	0.03	0.05
June 1, 2012 – August 27, 2012	0.03	0.05

The Company's Shares commenced traded on the OTC Bulletin Board on February 23, 2006. The low and high market prices for the Shares, on a quarterly basis, in U.S. dollars, on the OTC Bulletin Board, for each full financial quarter for the two most recent full financial years, subsequent interim periods and the period June 1, 2012 to August 24, 2012:

<b>OTC Bulletin Board</b>		
<b>MONTH AND YEAR</b>	<b>LOW (\$)</b>	<b>HIGH (\$)</b>
June 1, 2010 – August 31, 2010	0.04	0.08
September 1, 2010 – November 30, 2010	0.05	0.09
December 1, 2010 – February 2011	0.05	0.09
March 1, 2011 – May 31, 2011	0.04	0.09
June 1, 2011 – August 31, 2011	0.04	0.09
September 1, 2011 – November 30, 2011	0.01	0.05
December 1, 2011 - February 28, 2012	0.01	0.09
March 1, 2012 – May 31, 2012	0.02	0.04
June 1, 2012 – August 27, 2012	0.02	0.03

The low and high market prices for the Shares on the TSX Exchange for the period March, 2012 to August, 2012, in Canadian dollars, are as follows:

<b>TSX EXCHANGE</b>		
<b>DATE</b>	<b>LOW (\$)</b>	<b>HIGH (\$)</b>
March 2012	0.04	0.05
April 2012	0.04	0.05
May 2012	0.03	0.05
June 2012	0.03	0.05
July 2012	0.03	0.04
August 2012	0.03	0.04

The low and high market prices for the Shares on the OTC Bulletin Board for the period March, 2012 to August, 2012, in U.S. dollars, are as follows:

<b>OTC BULLETIN BOARD</b>		
<b>DATE</b>	<b>LOW (\$)</b>	<b>HIGH (\$)</b>
March 2012	0.03	0.04
April 2012	0.03	0.03
May 2012	0.02	0.03
June 2012	0.02	0.03
July 2012	0.02	0.03
August 2012	0.02	0.03

The closing prices of the Shares on the TSX on August 27, 2012 and the OTC Bulletin Board were \$0.025 Canadian and \$0.0337 U.S., respectively.

**B. Plan of Distribution**

Not applicable.

**C. Markets**

See A. above

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**ITEM 10: Additional Information**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

Reference is made to Amendment No. 2, to Registration Statement on Form 20-F, filed with the Securities and Exchange Commission on November 15, 2005.

**C. Material Contracts**

The following material contracts have been entered into by the Company within the past three years:

1. On April 1, 2010 the Company entered into a consulting services agreement with Treswell Renewable Energy Corp., (“**Treswell**”) whereby Treswell will provide the services of Dr. M. Hitch to the Company for a one year term at a cost of \$5,000 per month. Dr. Hitch will provide services as an operational consultant on the exploration and development of the Company’s Giulianita project in Peru. This mutually terminated May 1, 2011 and the Company no longer employs the services of Dr. M Hitch.

2. The Company entered into a consulting agreement dated November 15, 2005 with Ernest M. Cleave, pursuant to which Mr. Cleave was appointed the Company’s Chief Financial Officer. Under this agreement Mr. Cleave receives \$36,000 per year. Mr. Cleave resigned his position as Chief Financial Officer in effective November 30, 2011. Mr. Cleave had also been granted stock options with other members of the executive team and directors.

3. On October 1, 2007 the Company entered into a consulting agreement with Consensus Communication Inc. (“**Consensus**”) where Consensus has agreed to provide the services of Laura Neubert to provide investor relation services to the Company for a period of five years. Consensus receives \$5,000 per month for services rendered. In addition Laura Neubert received 250,000 non-transferable options at an exercise price of \$0.68, good for a term of five years. Subsequently the remuneration was reduced to \$2,500 per month for the remainder of the agreement. The agreement was subsequently reduced by mutual agreement to \$500 per month, but otherwise remains in effect.

4. On October 31, 2006 the Company entered into a consulting agreement with Paul Sarjeant pursuant to which Mr. Sarjeant agreed to serve as the Company’s president and chief executive officer. Mr. Sarjeant’s contract has a three-year term, expiring on October 27, 2009. As of October 31, 2009 the Company entered into a new two-year contract with Mr. Sarjeant to serve as the Company’s president and chief executive officer. See *Item 6B. Directors, Senior Management and Employees – Compensation*.

5. On May 1, 2008 the Company entered into a consulting agreement with Antediluvial Consulting Inc. (“**Antediluvial**”) whereby Antediluvial will provide the services of Mr. Toby Hughes, P.Ge. to act as Vice President Exploration to the Company for a period of two years. The agreement was mutually terminated April 30, 2010. On May 16, 2011 the Company entered into a new three month consulting agreement with Antediluvial to provide project management services to the Company at its Dixie Lake project. The contract was mutually terminated at the completion of the field season 2012.

6. On July 21, 2010 the Company entered into a consulting agreement with Mr. Miguel Angel Saldana Mujica (“**Saldana**”) to act as General Manger of the Companies Peruvian subsidiary Recuperacion Realzada S.A.C. (“**Recuperacion**”). The agreement has a one-year term and can be extended an additional two years on mutual agreement of the parties. Under the agreement Saldana receives a monthly fee of US\$7,500.00. As of June 30, 2011 the contract has been suspended pending positive developments and a re-engagement of activities at the Giuliani project in Peru.

#### **D. Exchange Controls**

There are no laws, governmental decrees or regulations in Canada that restrict the export or import of capital or which affect the remittance of dividends, interest or other payments to non-resident holders of our shares.

There are no limitations under the laws of Canada or the Province of Ontario, or in our constituting documents, with respect to the right of non-resident or foreign owners to hold or vote Shares other than those imposed by the

#### *Investment Canada Act.*

The *Investment Canada Act* is a federal Canadian statute which regulates the acquisition of control of existing Canadian businesses and the establishment of new Canadian businesses by an individual, a government or entity that is a "non-Canadian" as that term is defined in the *Investment Canada Act*.

Management of the Company believes that it is not currently a "non-Canadian" for purposes of the *Investment Canada Act*. If the Company were to become a "non-Canadian" in the future, acquisitions of control of Canadian businesses by the Company would become subject to the *Investment Canada Act*. Generally, the direct acquisition by a "non-Canadian" of an existing Canadian business with gross assets of \$5,000,000 or more is reviewable under the *Investment Canada Act*, with thresholds of \$223 million and \$237 million for transactions closing in 2003 and 2004, respectively, for "WTO investors" as defined under the *Investment Canada Act*. If the Company were to become a "non-Canadian" in the future, Management believes the Company would likely become a "non-Canadian" which is a "WTO investor." Generally, indirect acquisitions of existing Canadian businesses (with gross assets over certain threshold levels) are reviewable under the *Investment Canada Act*, except in situations involving "WTO investors" where indirect acquisitions are generally not reviewable. In transactions involving Canadian businesses engaged in the production of uranium, providing financial services, providing transportation services or which are cultural businesses, the benefit of the higher "WTO investor" thresholds do not apply.

Acquisitions of businesses related to Canada's cultural heritage or national identity (regardless of the value of assets involved) may also be reviewable under the *Investment Canada Act*. In addition, investments to establish new, unrelated businesses are not generally reviewable. An investment to establish a new business that is related to the non-Canadian's existing business in Canada is not notifiable under the *Investment Canada Act* unless such investment relates to Canada's cultural heritage or national identity.

Investments which are reviewable under the *Investment Canada Act* are reviewed by the Minister, designated as being responsible for the administration of the *Investment Canada Act*. Reviewable investments, generally, may not be implemented prior to the Minister's determining that the investment is likely to be of "net benefit to Canada" based on the criteria set out in the *Investment Canada Act*. Generally investments by non-Canadians consisting of the acquisition of control of Canadian businesses which acquisitions are otherwise non-reviewable or the establishment of new Canadian businesses require that a notice be given under the *Investment Canada Act* in the prescribed form and manner.

Any proposed take-over of the Company by a "non-Canadian" would likely be subject only to the simple "notification" requirements of the *Investment Canada Act* as in all likelihood that non-Canadian would be a "WTO investor" for purposes of the *Investment Canada Act*. Generally, a "WTO investor" is an individual, other than a Canadian, who is a national of a country that is a member of the World Trade Organization. In the case of a person that is not an individual, a WTO investor is a person that generally, is ultimately controlled by individuals, other than Canadians, who are nationals of a WTO member. Currently there are 134 countries that are members of the WTO, including virtually all countries of the Western world. The Company would have to have an asset base of at least before the "reviewable" transaction provisions of the *Investment Canada Act* became relevant for consideration by a third party non-Canadian acquirer, which is not a WTO investor.

## **E. Taxation**

### ***Certain Canadian Federal Income Tax Consequences – General***

The following is a brief summary of the principal Canadian federal income tax consequences generally applicable to a person who holds common shares of the Company and who, at all relevant times for the purposes of the Income Tax Act (Canada) (the "Canadian Tax Act") and the Canada - United States Tax Convention, 1980, as amended (the "US Treaty"),

- is or is deemed to be a resident solely of the United States,
- holds the common shares as capital property and as beneficial owner,
- does not and is not deemed to use or hold the common shares in or in the course of a business carried on in Canada, and
- does not carry on an insurance business in Canada and elsewhere, (a "US Holder")

This summary is based on the facts set forth in this Form 20-F, the current provisions of the US Treaty, the Canadian Tax Act and regulations thereunder, and our understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency (the "CRA"), and takes into account all specific proposals to amend the Canadian Tax Act (the "Proposed Amendments") publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. It is assumed that all such amendments will be enacted as currently proposed, and that there will be no other change to any relevant law or administrative or assessing policy or practice, although no assurances can be given in this respect. Except as otherwise expressly set out herein, this summary also does not take into account any provincial, territorial or non-Canadian income tax law, the implications of which may differ from the Canadian federal income tax considerations.

On September 21, 2007, the Minister of Finance (Canada) and the United States Secretary of the Treasury signed the fifth protocol to the US Treaty (the "Protocol") which includes amendments to many of the provision of the US Treaty, including significant amendments to the limitation on benefits provision. The Protocol will enter into force once it is ratified by both the Canadian and United States governments (or on January 1, 2008, if it is ratified in 2007) and will have effect in respect of withholding taxes, after the first day of the second month that begins after the date on which the Protocol enters into force. US Holders are urged to consult their own tax advisors to determine the impact of the Protocol and their entitlement to relief under the US Treaty based on their particular circumstances.

The following discussion is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of the Company's shares and no opinion or representation with respect to the Canadian federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of the Company's shares should consult with their own tax advisors about the federal, provincial, local and non-Canadian tax consequences of purchasing, owning and disposing of the Company's shares.

### ***Dividends***

Dividends paid or credited or deemed to be paid or credited to a US Holder by the Company will be subject to Canadian withholding tax at the rate of 15% of the gross amount of the dividend (or 5% in the case of a US Holder that is a corporation beneficially owning at least 10% of the Company's "voting stock" within the meaning of the US Treaty). Dividends may be exempt from withholding tax in the case of some US Holders such as qualifying tax exempt entities.

### ***Disposition of Common Shares***

A US Holder who realizes a capital gain on the actual or deemed disposition of a common share will not be subject to Canadian federal income tax under the Canadian Tax Act in respect of the capital gain unless such common share constitutes "taxable Canadian property" to the US Holder for purposes of the Canadian Tax Act and the US Holder is not exempt from Canadian federal income tax on such gain pursuant to the terms of the US Treaty.

Generally, a common share owned by US Holder will not be taxable Canadian property of the US Holder at a particular time provided that, at that time,

- the common shares of the Company are listed on the TSX,
- neither the US Holder nor persons with whom the US Holder does not deal at arm's length alone or in any combination has owned 25% or more of the shares of any class or series of shares in the capital of the Company at any time in the previous five years, and
- the common share was not acquired in a transaction, a result of which it was deemed to be taxable Canadian property of the US Holder.

A US Holder that realizes a capital gain on the disposition of common shares that do qualify as taxable Canadian property will, nevertheless, generally be exempt from Canadian federal income tax thereon by virtue of the US Treaty unless:

- more than 50% of the value of the common shares is derived from real property (within the meaning of the US Treaty) that is located in Canada,
- the US Holder (i) was a resident of Canada at any time during the 10 years immediately preceding the disposition and for a total of 20 months during any period of 20 consecutive years preceding the disposition, and (ii) owned the common share when the US Holder ceased to be a resident of Canada.

A US Holder who is subject to Canadian federal income tax in respect of a disposition of a common share will realize a capital gain (or capital loss) equal to the amount by which the US Holder's proceeds of disposition, less reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the common share to the US Holder. In these circumstances, a US Holder who realizes a capital gain or capital loss in a taxation year will be required to include one half of the capital gain (the taxable capital gain) in income for Canadian federal income tax purposes, and may deduct one half of the capital loss (the allowable capital loss) against taxable capital gains incurred in respect of dispositions of taxable Canadian property, subject to and accordance with the provisions of the Canadian Tax Act and the US Treaty.

### ***United States Taxation***

The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of common shares.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder arising from and relating to the acquisition, ownership, and disposition of common shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including specific tax consequences to a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences to U.S. Holders of the acquisition, ownership, and disposition of common shares. Each prospective U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences relating to the acquisition, ownership and disposition of common shares.

No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the conclusions described in this summary.



## Scope of this Summary

### Authorities

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention"), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

### U.S. Holders

For purposes of this summary, the term "U.S. Holder" means a beneficial owner of common shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

### Non-U.S. Holders

For purposes of this summary, a "non-U.S. Holder" is a beneficial owner of common shares that is not a U.S. Holder. This summary does not address the U.S. federal income tax consequences to non-U.S. Holders arising from and relating to the acquisition, ownership, and disposition of common shares. Accordingly, a non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences (including the potential application of and operation of any income tax treaties) relating to the acquisition, ownership, and disposition of common shares.

### U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, the following: (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) U.S. Holders that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a "functional currency" other than the U.S. dollar; (e) U.S. Holders that own common shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) U.S. Holders that acquired common shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) U.S. Holders that hold common shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); or (h) U.S. Holders that own or have owned (directly, indirectly, or by attribution) 10% or more of the total combined voting power of the outstanding shares of the Company. This summary also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) U.S. expatriates or former long-term residents of the U.S.; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Income Tax Act (Canada) (the "Tax Act"); (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold common shares in connection with carrying on a business in Canada; (d) persons whose common shares constitute "taxable Canadian property" under the Tax Act; or (e) persons that have a permanent establishment in Canada for the purposes of the Canada-U.S. Tax Convention. U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders described immediately above, should consult their own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences relating to the acquisition, ownership and disposition of common shares.

If an entity or arrangement that is classified as a partnership (or other "pass-through" entity) for U.S. federal income tax purposes holds common shares, the U.S. federal income tax consequences to such entity and the partners (or other owners) of such entity generally will depend on the activities of the entity and the status of such partners (or owners). This summary does not address the tax consequences to any such owner. Partners (or other owners) of entities or arrangements that are classified as partnerships or as "pass-through" entities for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences arising from and relating to the acquisition, ownership, and disposition of common shares.

## Passive Foreign Investment Company Rules

If the Company were to constitute a “passive foreign investment company” under the meaning of Section 1297 of the Code (a “PFIC”, as defined below) for any year during a U.S. Holder’s holding period, then certain potentially adverse rules will affect the U.S. federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of common shares. The Company believes that it was classified as a PFIC during the tax year ended May 31, 2012, and may be a PFIC in future tax years. The determination of whether any corporation was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any tax year depends on the assets and income of such corporation over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any determination made by the Company (or any subsidiary of the Company) concerning its PFIC status. Each U.S. Holder should consult its own tax advisor regarding the PFIC status of the Company and any subsidiary of the Company.

In addition, in any year in which the Company is classified as a PFIC, such holder would be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621.

### PFIC Status of the Company

The Company generally will be a PFIC if, for a tax year, (a) 75% or more of the gross income of the Company is passive income (the “income test”) or (b) 50% or more of the value of the Company’s assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets (the “asset test”). “Gross income” generally includes all sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources, and “passive income” generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

Active business gains arising from the sale of commodities generally are excluded from passive income if substantially all (85% or more) of a foreign corporation’s commodities are stock in trade or inventory, depreciable property used in a trade or business, or supplies regularly used or consumed in a trade or business and certain other requirements are satisfied.

For purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above, and assuming certain other requirements are met, “passive income” does not include certain interest, dividends, rents, or royalties that are received or accrued by the Company from certain “related persons” (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

Under certain attribution rules, if the Company is a PFIC, U.S. Holders will generally be deemed to own their proportionate share of the Company’s direct or indirect equity interest in any company that is also a PFIC (a “Subsidiary PFIC”), and will be subject to U.S. federal income tax on their proportionate share of (a) any “excess distributions,” as described below, on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of the stock of a Subsidiary PFIC by the Company or another Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. In addition, U.S. Holders may be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC on the sale or disposition of common shares. Accordingly, U.S. Holders should be aware that they could be subject to tax even if no distributions are received and no redemptions or other dispositions of common shares are made.

### Default PFIC Rules Under Section 1291 of the Code

If the Company is a PFIC for any tax year during which a U.S. Holder owns common shares, the U.S. federal income tax consequences to such U.S. Holder of the acquisition, ownership, and disposition of common shares will depend on whether and when such U.S. Holder makes an election to treat the Company and each Subsidiary PFIC, if any, as a “qualified electing fund” or “QEF” under Section 1295 of the Code (a “QEF Election”) or makes a mark-to-market election under Section 1296 of the Code (a “Mark-to-Market Election”). A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a “Non-Electing U.S. Holder.”

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code (described below) with respect to (a) any gain recognized on the sale or other taxable disposition of common shares and (b) any excess distribution received on the common shares. A distribution generally will be an “excess distribution” to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a U.S. Holder’s holding period for the common shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of common shares (including an indirect disposition of the stock of any Subsidiary PFIC), and any “excess distribution” received on common shares or with respect to the stock of a Subsidiary PFIC, must be ratably allocated to each day in a Non-Electing U.S. Holder’s holding period for the respective common shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before the entity became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as “personal interest,” which is not deductible.

If the Company is a PFIC for any tax year during which a Non-Electing U.S. Holder holds common shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether the Company ceases to be a PFIC in one or more subsequent tax years. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above), but not loss, as if such common shares were sold on the last day of the last tax year for which the Company was a PFIC.

## QEF Election

A U.S. Holder that makes a timely and effective QEF Election for the first tax year in which its holding period of its common shares begins generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to its common shares. A U.S. Holder that makes a timely and effective QEF Election will be subject to U.S. federal income tax on such U.S. Holder's pro rata share of (a) the net capital gain of the Company, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of the Company, which will be taxed as ordinary income to such U.S. Holder. Generally, "net capital gain" is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and "ordinary earnings" are the excess of (a) "earnings and profits" over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each tax year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by the Company. However, for any tax year in which the Company is a PFIC and has no net income or gain, U.S. Holders that have made a QEF Election would not have any income inclusions as a result of the QEF Election. If a U.S. Holder that made a QEF Election has an income inclusion, such a U.S. Holder may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as "personal interest," which is not deductible.

A U.S. Holder that makes a timely and effective QEF Election with respect to the Company generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents "earnings and profits" of the Company that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder's tax basis in the common shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of common shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as "timely" if such QEF Election is made for the first year in the U.S. Holder's holding period for the common shares in which the Company was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year. If a U.S. Holder does not make a timely and effective QEF Election for the first year in the U.S. Holder's holding period for the common shares, the U.S. Holder may still be able to make a timely and effective QEF Election in a subsequent year if such U.S. Holder meets certain requirements and makes a "purging" election to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such common shares were sold for their fair market value on the day the QEF Election is effective. If a U.S. Holder owns PFIC stock indirectly through another PFIC, separate QEF Elections must be made for the PFIC in which the U.S. Holder is a direct shareholder and the Subsidiary PFIC for the QEF rules to apply to both PFICs.

A QEF Election will apply to the tax year for which such QEF Election is timely made and to all subsequent tax years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent tax year, the Company ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those tax years in which the Company is not a PFIC. Accordingly, if the Company becomes a PFIC in another subsequent tax year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any subsequent tax year in which the Company qualifies as a PFIC.

U.S. Holders should be aware that there can be no assurances that the Company will satisfy the record keeping requirements that apply to a QEF, or that the Company will supply U.S. Holders with information that such U.S. Holders are required to report under the QEF rules, in the event that the Company is a PFIC. Thus, U.S. Holders may not be able to make a QEF Election with respect to their common shares. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a QEF Election.

A U.S. Holder makes a QEF Election by attaching a completed IRS Form 8621, including a PFIC Annual Information Statement, to a timely filed United States federal income tax return. However, if the Company cannot provide the required information with regard to the Company or any of its Subsidiary PFICs, U.S. Holders will not be able to make a QEF Election for such entity and will continue to be subject to the rules discussed above that apply to Non-Electing U.S. Holders with respect to the taxation of gains and excess distributions.

## Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if the common shares are marketable stock. The common shares generally will be "marketable stock" if the common shares are regularly traded on (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, and surveillance requirements, and meets other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules of such foreign exchange effectively promote active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be "regularly traded" for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter.

A U.S. Holder that makes a Mark-to-Market Election with respect to its common shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to such common shares. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first tax year of such U.S. Holder's holding period for the common shares or such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the common shares.

A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each tax year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares, as of the close of such tax year over (b) such U.S. Holder's tax basis in such common shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (a) such U.S. Holder's adjusted tax basis in the common shares, over (b) the fair market value of such common shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder's tax basis in the common shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of common shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or ordinary loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years). Losses that exceed this limitation are subject to the rules generally applicable to losses provided in the Code and Treasury Regulations.

A Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless the common shares cease to be “marketable stock” or the IRS consents to revocation of such election. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to the common shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning, because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to eliminate the application of the default rules of Section 1291 of the Code described above with respect to deemed dispositions of Subsidiary PFIC stock or excess distributions from a Subsidiary PFIC.

#### Other PFIC Rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of common shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which common shares are transferred.

Certain additional adverse rules may apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example, under Section 1298(b)(6) of the Code, a U.S. Holder that uses common shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such common shares.

Special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to such special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult with its own tax advisor regarding the availability of the foreign tax credit with respect to distributions by a PFIC.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisor regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares.

#### **Ownership and Disposition of Common Shares**

The following discussion is subject to the rules described above under the heading “Passive Foreign Investment Company Rules.”

#### Distributions on Common Shares

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a common share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated “earnings and profits” of the Company, as computed for U.S. federal income tax purposes. A dividend generally will be taxed to a U.S. Holder at ordinary income tax rates if the Company is a PFIC. To the extent that a distribution exceeds the current and accumulated “earnings and profits” of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the common shares and thereafter as gain from the sale or exchange of such common shares. (See “Sale or Other Taxable Disposition of common shares” below). However, the Company may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by the Company with respect to the common shares will constitute ordinary dividend income. Dividends received on common shares generally will not be eligible for the “dividends received deduction”. In addition, the Company does not anticipate that its distributions will constitute qualified dividend income eligible for the preferential tax rates applicable to long-term capital gains. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

#### Sale or Other Taxable Disposition of Common Shares

Upon the sale or other taxable disposition of common shares, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the U.S. dollar value of cash received plus the fair market value of any property received and such U.S. Holder’s tax basis in such common shares sold or otherwise disposed of. A U.S. Holder’s tax basis in common shares generally will be such holder’s U.S. dollar cost for such common shares. Gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the common shares have been held for more than one year.

Preferential tax rates currently apply to long-term capital gain of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gain of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

## **Additional Considerations**

### Additional Tax on Passive Income

For tax years beginning after December 31, 2012, certain individuals, estates and trusts whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surtax on “net investment income” including, among other things, dividends and net gain from dispositions of property (other than property held in a trade or business). U.S. Holders should consult with their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of common shares.

### Receipt of Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or on the sale, exchange or other taxable disposition of common shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

### Foreign Tax Credit

Subject to the PFIC rules discussed above, a U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the common shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax. Generally, a credit will reduce a U.S. Holder’s U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder’s income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder’s U.S. federal income tax liability that such U.S. Holder’s “foreign source” taxable income bears to such U.S. Holder’s worldwide taxable income. In applying this limitation, a U.S. Holder’s various items of income and deduction must be classified, under complex rules, as either “foreign source” or “U.S. source.” Generally, dividends paid by a foreign corporation should be treated as foreign source for this purpose, and gains recognized on the sale of stock of a foreign corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty, and if an election is properly made under the Code. However, the amount of a distribution with respect to the common shares that is treated as a “dividend” may be lower for U.S. federal income tax purposes than it is for Canadian federal income tax purposes, resulting in a reduced foreign tax credit allowance to a U.S. Holder. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

### Backup Withholding and Information Reporting

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, recently enacted legislation generally imposes new U.S. return disclosure obligations (and related penalties) on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of \$50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their common shares are held in an account at a domestic financial institution. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisors regarding the requirements of filing information returns, including the requirement to file an IRS Form 8938.

Payments made within the U.S. or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of, common shares will generally be subject to information reporting and backup withholding tax, at the rate of 28% (and increasing to 31% for payments made after December 31, 2012), if a U.S. Holder (a) fails to furnish such U.S. Holder’s correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder’s U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

## **F. Dividends and Paying Agents**

Not applicable.

## **G. Statements by Experts**

Christopher Lee, M.Sc., P. Geo and SRK Consulting were both involved in the preparation and compilation of the SRK Report. Statements with respect to such report are included with the consent of Mr. Lee, who has authorized its content.

## **H. Documents on Display**

Any statement in this Annual Report about any of the Company’s contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Annual Report, the contract or document is deemed to modify the description contained in this Annual Report. Readers must review the exhibits themselves for a complete description of the contract or document.

Readers may review a copy of the Company’s filings with the SEC, including exhibits and schedules filed with it, at the SEC’s public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. Readers may call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC maintains a Web site (<http://www.sec.gov>) that contains reports, submissions and other information regarding registrants that file electronically with the SEC. The Company also files electronically through the EDGAR system.

Readers may read and copy any reports, statements or other information that the Company files with the SEC at the address indicated above and may also access them electronically at the Web site set forth above. These SEC filings are also available to the public from commercial document retrieval services.

Any documents referred to in this Annual Report may be inspected at the head office of the Company, 330 Bay Street, Suite 820, Toronto, Ontario, M5H 2S8, Canada, during normal business hours.



**I. Subsidiary Information**

The consolidated financial statements include the assets, liabilities, revenues and expenses of the Company and its wholly owned subsidiaries, Grandview Gold (USA) Inc. ("Grandview USA"), and Recuperacion Realzada S.A.C. ("Recuperacion"). All significant intercompany transactions and accounts are eliminated in consolidation.

**ITEM 11: Quantitative and Qualitative Disclosures about Market Risk**

Please refer to Note 4 to the Company's annual consolidated financial statements Included in Item 18 of the Annual Report on Form 20-F.

**ITEM 12: Description of Securities other than Equity Securities**

Not applicable.

## PART II

### ITEM 13: Defaults, Dividend Arrearages and Delinquencies

None.

### ITEM 14: Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

### ITEM 15: Controls and Procedures

#### A. Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

The Company has evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end year covered by this report. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as at May 31, 2012.

#### B. Management's Annual Report on Internal Control Over Financial Reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in Canada, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company ; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, the Company's internal control over financial reporting may not prevent or detect all possible misstatements or frauds. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.



To evaluate the effectiveness of the Company's internal control over financial reporting, Management has used the Internal Control - Integrated Framework, which is a suitable, recognized control framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management, including the CEO and CFO, have assessed the effectiveness of the Company's internal control over financial reporting and concluded that such internal control over financial reporting is effective as of May 31, 2012.

**C. Attestation Report of Independent Registered Public Accounting Firm**

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which permits the company to provide only management's report in this Annual Report. The Dodd-Frank Act permits a "non-accelerated filer" to provide only management's report on internal control over financial reporting in an Annual Report and omit an attestation report of the issuer's registered public accounting firm regarding management's report on internal control over financial reporting.

**D. Changes in internal control over financial reporting**

There were no changes in our internal control over financial reporting during the period covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**ITEM 16: Reserved**

**A. Audit Committee Financial Expert**

The Company's Chairman and independent, non-management director serves on the company's Audit Committee. D. Richard Brown also serves as the financial expert, as defined under the SEC's rules, on the Company's Audit Committee and is independent within the meaning of the NYSE MKT rules. The members of the Audit Committee are D. Richard Brown, Jack Austin, and Peter Born.

**B. Code of Ethics**

The Company does not currently have a code of ethics that applies to its senior executive officers. The Company has circulated a draft code of ethics and hopes to adopt a code of ethics for its senior executive officers in the near future. The Company undertakes that it will file a copy of its Code of Ethics with the Securities and Exchange Commission and post the text of such Code of Ethics on the Company's website.

**C. Principal Accountant Fees and Services**

The following chart summarizes the aggregate fees billed by the Company's external auditors for professional services rendered to the Company during the fiscal years ended May 31, 2012 and 2011 for audit and non-audit related services:

Type of Work	Year Ended May 31, 2012	Year Ended May 31, 2011
Audit fees <sup>(1)</sup>	\$ 35,000	\$ 65,000
Audit-related fees <sup>(2)</sup>	Nil	Nil
Tax fees	Nil	Nil
All other fees	7,500	Nil
<b>Total</b>	<b>\$ 42,500</b>	<b>\$ 65,000</b>

No non-audit services were approved pursuant to the de minimis exemption to the pre-approval requirement in Rule 2-01 of Regulation S-X.

**Notes:**

1. Aggregate fees billed for the Company's annual financial statements and services normally provided by the auditor in connection with the Company's statutory and regulatory filings.
2. Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.

**D. Exemptions From the Listing Standards for Audit Committees**

Not applicable.

**E. Purchases of Equity Services by the Issuer and Affiliated Purchasers**

None.

**F. Change in Registrant's Certifying Accountant**

Not Applicable.

**G. Corporate Governance**

Not applicable.

**H. Mine Safety Disclosure**

Not Applicable

**PART III Financial Statements**

**ITEM 17:**

We are providing financial information under Item 18

**ITEM 18**

See the Audited Consolidated Financial Statements prepared in accordance with IFRS as issued by the IASB.



August 27, 2012

**Independent Auditor's Report**

**To the Shareholders of  
Grandview Gold Inc.**

We have audited the accompanying consolidated financial statements of Grandview Gold Inc., which comprise the consolidated statements of financial position as at May 31, 2012, May 31, 2011 and June 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We were not engaged to perform an audit of the company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. 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 consolidated financial statements.

*PricewaterhouseCoopers LLP  
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T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca*

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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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 consolidated financial statements present fairly, in all material respects, the financial position of Grandview Gold Inc. as at May 31, 2012, May 31, 2011 and June 1, 2010 and its financial performance and its cash flows for the years ended May 31, 2012 and May 31, 2011 in accordance with IFRS as issued by the IASB.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that casts substantial doubt about Grandview Gold Inc.'s ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
MAY 31, 2012 AND 2011

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**Grandview Gold Inc.**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

As at	May 31, 2012	May 31, 2011 (Note 15)	June 1, 2010 (Note 15)
<b>Assets</b>			
Current			
Cash and cash equivalents	\$ 137,752	\$ 1,177,679	\$ 1,432,824
Short term investments	25,537	25,286	25,037
HST and sundry receivable	96,563	63,414	26,416
Prepaid expenses	15,980	17,718	12,876
<b>Total current assets</b>	<b>275,832</b>	<b>1,284,097</b>	<b>1,497,153</b>
Reclamation bond	-	12,718	13,699
Mining interests (Note 6)	5,225,781	4,568,757	4,149,771
<b>Total non-current assets</b>	<b>5,225,781</b>	<b>4,581,475</b>	<b>4,163,470</b>
<b>Total assets</b>	<b>\$ 5,501,613</b>	<b>\$ 5,865,572</b>	<b>\$ 5,660,623</b>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities	\$ 107,262	\$ 129,019	\$ 89,284
Deferred premium on flow-through shares (Note 7(b)(i))	-	80,667	-
Provision for environmental rehabilitation	-	12,718	13,699
<b>Total non-current liabilities</b>	<b>-</b>	<b>93,385</b>	<b>13,699</b>
<b>Total liabilities</b>	<b>107,262</b>	<b>222,404</b>	<b>102,983</b>
<b>Shareholders' equity</b>	<b>5,394,351</b>	<b>5,643,168</b>	<b>5,557,640</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,501,613</b>	<b>\$ 5,865,572</b>	<b>\$ 5,660,623</b>

**Nature of operations and going concern** (Note 1)

**Commitments** (Note 6(c))

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

Approved by the Board of Directors:

"Paul T. Sargeant"  
 Director

"Richard Brown"  
 Director



**Grandview Gold Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Years Ended May 31,	
	2012	2011 (Note 15)
<b>Expenses</b>		
General and administration (Note 13)	\$ 330,062	\$ 411,585
<b>Operating loss</b>	<b>(330,062)</b>	<b>(411,585)</b>
Interest income	578	2,678
Premium on flow-through shares (Note 7(b)(i))	80,667	-
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (248,817)</b>	<b>\$ (408,907)</b>
<b>Loss per share - basic and diluted (Note 10)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding</b>	<b>81,163,032</b>	<b>76,271,891</b>

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





**Grandview Gold Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in Canadian Dollars)**

	<u>Reserves</u>					<b>Total</b>
	<b>Share Capital (Note 7)</b>	<b>Warrant Reserve (Note 8)</b>	<b>Equity Settled Share Based Payments Reserve (Note 9)</b>	<b>Deficit</b>		
<b>Balance, June 1, 2010</b>	\$ 16,093,441	\$ 1,455,333	\$ 8,982,005	\$ (20,973,139)		\$ 5,557,640
Fair value of warrants exercised	32,000	(15,333)	-	-		16,667
Private placement (note 7(b)(i))	605,000	-	-	-		605,000
Premium on flow-through (note 7(b)(i))	(80,667)	-	-	-		(80,667)
Warrant valuation (note 7(b)(i))	(43,776)	43,776	-	-		-
Cost of issue - broker warrant valuation (note 7(b)(i))	(25,591)	25,591	-	-		-
Cost of issue (note 7(b)(i))	(46,565)	-	-	-		(46,565)
Net loss for the period	-	-	-	(408,907)		(408,907)
<b>Balance, May 31, 2011</b>	<b>\$ 16,533,842</b>	<b>\$ 1,509,367</b>	<b>\$ 8,982,005</b>	<b>\$ (21,382,046)</b>		<b>\$ 5,643,168</b>
Modification of warrants (Note 7(b)(ii))	-	191,999	-	(191,999)		-
Net loss for the period	-	-	-	(248,817)		(248,817)
<b>Balance, May 31, 2012</b>	<b>\$ 16,533,842</b>	<b>\$ 1,701,366</b>	<b>\$ 8,982,005</b>	<b>\$ (21,822,862)</b>		<b>\$ 5,394,351</b>

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



**Grandview Gold Inc.**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	Years Ended May 31,	
	2012	2011
<b>Cash flows from operating activities</b>		
Net loss for the year	\$ (248,817)	\$ (408,907)
Gain on disposition of mineral property interests	-	(2,000)
Accrued interest	(250)	(249)
Premium on flow-through shares	(80,667)	-
Net change in non-cash working capital:		
HST and sundry receivables	(33,149)	(36,998)
Prepaid expenses	1,738	(4,842)
Accounts payable and accrued liabilities	(21,758)	39,735
<b>Cash flows used in operating activities</b>	<b>(382,903)</b>	<b>(413,261)</b>
<b>Cash flows used in investing activities</b>		
Mineral property expenditures	(657,024)	(418,986)
Proceeds on disposition of mineral property interests	-	2,000
<b>Cash flows from financing activities</b>		
Share/warrant issuance	-	621,667
Cost of issuance	-	(46,565)
<b>Cash flows from financing activities</b>	<b>-</b>	<b>575,102</b>
<b>Change in cash and cash equivalents during the year</b>	<b>(1,039,927)</b>	<b>(255,145)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,177,679</b>	<b>1,432,824</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 137,752</b>	<b>\$ 1,177,679</b>

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



**Grandview Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Year Ended May 31, 2012**

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**1. Nature of Operations and Going Concern**

Grandview Gold Inc. (the "Company" or "Grandview") is a gold exploration company focused on exploring and developing gold properties in gold camps of North and South America. The Company was incorporated under the laws of the Province of Ontario. To date, the Company has not earned significant revenues from gold exploration and is considered to be in the exploration stage.

The consolidated financial statements were approved by the Board of Directors on August 24, 2012.

These consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned revenue and has an accumulated deficit of \$21,822,862. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and/or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast substantial doubt upon the Company's ability to continue as a going concern, as described in the following paragraph. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

Management is actively pursuing funding options, being financing and alternative funding options, required to meet the Company's requirements on an ongoing basis. During the year ended May 31, 2012, the financial market climate has been very difficult for junior mining companies, such as Grandview. In addition, a local community in Peru has not granted permission to the Company to begin exploration or development of the Giulianita property. In June 2011, exploration activity, work commitments and payments under the Option agreement were suspended until the local community delivers key surface access rights to allow the Company to carry out advanced exploration and development plans on the property. The Company has resubmitted a request proposal to the community and is awaiting their response. The Company is working on a plan to restart financing and work programs when appropriate. To meet the challenges of the current climate in the financial markets, the Company is minimizing its expenditures.

The Company has plans in place for it to be successful in obtaining financing. The majority of the Company's expenses at this stage of operations are discretionary and subject to change. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

As at May 31, 2012, the Company had cash and cash equivalents of \$137,752 (May 31, 2011 - \$1,177,679 and June 1, 2010 - \$1,432,824) and working capital of \$168,570 (May 31, 2011 - \$1,155,078 and June 1, 2010 - \$1,407,869) which is sufficient to pay accounts payable and accrued liabilities of \$107,262 (May 31, 2011 - \$129,019 and June 1, 2010 - \$89,284) and 2013 projected expenditures.

**2. Significant Accounting Policies**

**Basis of Presentation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). As these financial statements represent the Company's first annual financial statements prepared in accordance with IFRS as issued by the IASB, they were prepared in accordance with IFRS 1, First-time Adoption of IFRS. The Company's consolidated financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The impact of the transition from Canadian GAAP to IFRS is explained in Note 15.

The policies set out below have been consistently applied by the Company to all the periods presented and in preparing the opening statement of financial position at June 1, 2010 (Note 15) for purposes of transition to IFRS.



**2. Significant Accounting Policies (Continued)**

**Basis of Measurement**

The consolidated financial statements have been prepared under the historical cost method other than short term investments which are stated at fair value.

**Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, Grandview Gold (USA) Inc. ("Grandview USA"), and Recuperacion Realizada S.A.C. ("Recuperacion"). All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

**Financial Instruments**

Financial Assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following categories: financial assets at 'fair value through profit or loss' ("FVTPL") and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables are initially measured at fair value, and subsequently measured at amortized cost.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

Financial Liabilities

Financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or to the net carrying amount on initial recognition.

De-recognition of Financial Liabilities

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

**2. Significant Accounting Policies (Continued)**

**Financial Instruments (Continued)**

The Company's financial instruments consist of the following:

<u>Financial Assets:</u>	<u>Classification:</u>
Cash and cash equivalents	Loans and receivables
Short term investments	FVTPL
Sundry receivable	Loans and receivables
Reclamation bond	Loans and receivables
<hr/>	
<u>Financial Liabilities:</u>	<u>Classification:</u>
Accounts payable and other liabilities	Other financial liabilities

Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices]; and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

As of May 31, 2012, the Company holds one short term investment and it was classified as Level 2 on the consolidated statements of financial position. The short term instrument was valued using cost plus accrued interest.

**Mining Interests**

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the policy of capitalizing costs relating to the acquisition of, exploration for and development of mineral properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

Impairment indicators for exploration and evaluation assets include the ending of our rights to explore, abandoning our plans to explore a mineral property, a lack of discovery of economically recoverable reserves on completion of our exploration and evaluation activities and on future production or proceeds of disposition.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is carried out.

**2. Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and higher yield investment and savings accounts that are available on demand by the Company for its programs.

**Share Based Payment Transactions**

The fair value of share options granted to employees is recognized as an expense over the vesting period 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, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

**Flow Through Shares**

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting for income taxes, the deferred income tax liability related to the temporary difference arising at the earlier of renunciation and when the qualifying expenditures are incurred, are recorded at that time together with a corresponding recognition of the premium in the consolidated statements of loss and comprehensive loss.

**Share Issuance Costs**

Share issuance costs are recorded as a reduction of share capital.

**Income Taxes**

Income tax expenses are comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**2. Significant Accounting Policies (Continued)**

**Income Taxes (Continued)**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are determined by discounting the expected future cash flows, required to settle the obligation at a risk-free, pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision for environmental rehabilitation

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 risk-free, pretax rate that reflects 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. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

**Basic and Diluted Loss Per Share**

Basic loss per share is computed by dividing the loss for the year by the weighted-average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a manner similar to basic loss per share, except the weighted-average shares outstanding are increased to include potential common shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

**2. Significant Accounting Policies (Continued)**

**Foreign Currencies**

The functional currency of the Company and each of its subsidiaries, Grandview Gold (USA) Inc. and Recuperacion Realzada S.A.C., is determined to be the Canadian Dollar. Management makes its assessment by considering first the primary indicators (expenses) of the economic environment in which each group entity operates and, if inconclusive, assessing secondary indicators (financing activities and funds receipts are stored in). For our non-Canadian entities, our expenses are in various currencies and as such, management has considered the financing of the subsidiaries as a key indicator being the Canadian dollar. The consolidated financial statements, the results and financial position are expressed in Canadian Dollars. All amounts in these financial statements are presented in Canadian dollars ("Presentation currency") as it better reflects the Company's business activities and it improves investors' ability to compare the Company's financial results with other publicly traded companies in the mining industry.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Expenses are translated at the average rate of exchange prevailing during the period. The resulting unrealized gain or loss on translation is recognized in the consolidated statement of loss and comprehensive loss. Equity is translated at historical rates.

**Significant Accounting Judgments and Estimates**

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. 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.

**Critical Accounting Estimates**

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:





**2. Significant Accounting Policies (Continued)**

**Critical Accounting Estimates**

Recoverability of Mining Interests

Management is required to make judgements about whether triggering events exist in relation to its mining interests. Such judgements include the future plans and budgets to undertake exploration and evaluation activity. When there are indications that an asset may be impaired, management is required to estimate the asset's recoverable amount. The recoverable amount is the greater of the value in use and the fair value less selling costs. Determining the value in use requires management to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate the present value. Determining the fair value less costs to sell requires management to estimate expected market conditions to evaluate the price at which it would be able to realize its assets in an arms length transaction. This is subject to estimates and judgements related to mining assets in the exploration and evaluation stage including the Company's right to mine, results of exploration activities and managements planned expenditures. The largest obstacle to the Company's recoverability of its mining interests is obtaining surface access rights in the Gulianita property (see Note 6(c) for further detail). Based on management's assessment, there are no impairment indicators of non-financial assets that have been noted for the year ended May 31, 2012 or for the year ended May 31, 2011.

Stock-Based Compensation and Warrants

Management is required to make certain estimates when determining the fair value of stock options awards, warrants and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the consolidated statements of loss and comprehensive loss based on estimates of forfeiture, as well as warrants in the consolidated statements of changes in shareholders' equity, expected lives of the underlying stock options, warrants and volatility. For the year ended May 31, 2012 the Company recognized \$nil stock-based compensation expense and issued \$nil warrants (year ended May 31, 2011 - \$nil stock-based compensation expense and \$69,367 warrants).

**Critical Accounting Judgments**

Income Taxes and Recovery of Deferred Tax Assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

**2. Significant Accounting Policies (Continued)**

**New Accounting Standards and Interpretations**

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ["IAS 39"]. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is assessing the impact of IFRS 9 on the financial statements.

IFRS 10 Consolidated Financial Statements ("IFRS 10")

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). IFRS 10 is effective for the annual period beginning on or after January 1, 2013. The Company is assessing the impact of IFRS 10 on its financial statements.

IFRS 11 Joint Arrangements ("IFRS 11")

IFRS 11 replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures do not have the choice between equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 and IAS 36 Impairment of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. IFRS 11 is effective for the annual period beginning on or after January 1, 2013. The Company is assessing the impact of IFRS 11 on its financial statements.

IFRS 13, Fair Value Measurement ("IFRS 13")

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 13 on its consolidated financial statements.

There are no additional IFRS that are relevant and are expected to significantly impact the Company's financial statements as at the date of these financial statements.

### **3. Capital Management**

The Company considers its capital structure to consist of share capital, warrants, contributed surplus and accumulated deficit. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration program and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so. Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

- i) minimizing discretionary disbursements;
- ii) reducing or eliminating exploration expenditures which are of limited strategic value; and
- iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient potential and if it has adequate financial resources to do so.

There were no changes in the Company's approach to capital management during the year ended May 31, 2012. The Company is not subject to externally imposed capital requirements.

### **4. Property and Financial Risk Factors**

The Company's significant mineral properties are the Red Lake Gold Camp, Ontario, Canada, and the Guilianita Property, Peru.

Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the Properties. If no additional mineral properties are acquired by the Company, any adverse development affecting the Properties would have a material adverse effect on the Company's financial condition and results of operations.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

#### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company has more exposure to credit risk associated with cash and cash equivalents, short term investments and sundry receivable. Cash and cash equivalents and short term investments are held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal.

Sundry receivables are not past due or impaired as of May 31, 2012. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivables is minimal.

#### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2012, the Company had a cash and cash equivalents and short term investments balance of \$163,289 (May 31, 2011 - \$1,202,965 and June 1, 2010 - \$1,457,861) to settle current liabilities of \$107,262 (May 31, 2011 - \$129,019 and June 1, 2010 - \$89,284). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**4. Property and Financial Risk Factors (Continued)**

Liquidity Risk (Continued)

In light of the Company's current cash and cash equivalent levels, the Company is reducing its expenditures until financing events are realized.

Market Risk

Market risk is the risk of loss that may arise from changes in interest rates, foreign exchange rates and commodity prices.

(a) Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by the Company's Canadian chartered bank. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its bank.

(b) Foreign Currency Risk

The Company funds most operations, exploration and administrative expenses in Peru on a cash call basis using the Peruvian Sol or US dollars converted from its Canadian dollar bank accounts held in Canada. The foreign exchange risk derived from currency conversions is negligible and the company does not hold significant balances in foreign currencies, therefore the Company does not hedge its foreign exchange risk.

(c) Price Risk

The Company is not exposed to price risk with respect to commodity prices as the company is currently in exploration stage and does not earn revenues. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold to determine the appropriate course of action to be taken by the Company in the future.

*Sensitivity Analysis*

As of May 31, 2012, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

The sensitivity analysis shown in the notes below may differ materially from actual results.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

- (i) Short term investments are subject to floating interest rates. As at May 31, 2012, if interest rates had decreased/increased by 1% with all other variables held constant, the loss/gain for the twelve months ended May 31, 2012 would have been approximately \$250 higher/lower, as a result of lower/higher interest income from short term investments. As at May 31, 2012, reported shareholders' equity would have been approximately \$250 lower/higher as a result of lower/higher interest income from short term investments.

**4. Property and Financial Risk Factors (Continued)**

*Sensitivity Analysis (Continued)*

- (ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold has fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for gold. A decline in the market price of gold may also require the Company to reduce its mining interests, which could have a material and adverse effect on the Company's value. As of May 31, 2012, the Company was not a gold producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

**5. Short Term Investments**

As of May 31, 2012, the Company has \$25,000 (May 31, 2011 - \$25,000; June 1, 2010 - \$25,000) invested in cashable guaranteed investment certificates, bearing interest at 1%. As at May 31, 2012, May 31, 2011 and June 1, 2010 the Company had accrued, \$537, \$286 and \$37 respectively as interest receivable on its short term investments.

**6. Mining Interests**

- (a) Red Lake Gold Camp, Ontario, Canada

- (i) The Company owns a 100% interest in 8 mining claims located in the Red Lake Area, District of Kenora, in Northwestern Ontario.
- (ii) On October 18, 2005, the Company signed a definitive Option Agreement with Fronteer Development Group Inc. ("Fronteer") for Fronteer's Dixie Lake Property (the "Dixie lake") located in Ontario's Red Lake Gold District on the following terms and conditions:
  - (a) the Company shall earn a 51% interest in the Dixie Lake Property by incurring exploration expenditures of \$300,000 (completed), assuming payments totaling \$75,000 to the underlying property vendor; and
  - (b) issuing 160,000 shares of the Company at \$1.25 per share for a total value of \$200,000, to a third party as a finder's fee (issued).

On October 17, 2007, the Company announced that it has fulfilled the terms of its option agreement with Fronteer relating to the Company's right to earn an undivided 51% interest in Dixie Lake.

Under the terms of the option agreement with Fronteer, dated August 26, 2005, the Company had a right to earn an undivided 51% interest in Dixie lake by spending US\$300,000 over three years, making \$75,000 in cash payments and issuing 40,000 shares to the underlying vendor. The Company presented a detailed accounting of its US\$1,711,000 exploration program completed to date, as well as plans for exploration moving forward.

Fronteer accepted in writing, the Company's earn-in, as per the terms of the Option Agreement. As at May 31, 2012, the Company has earned a 67% participating interest in Dixie lake.

**6. Mining Interests (Continued)**

(a) Red Lake Gold Camp, Ontario, Canada (Continued)

(iii) On February 8, 2007, the Company announced it had signed a formal option agreement with EMCO SA, ("EMCO") relating to the acquisition of an option to acquire a 60 percent interest in the 10 unpatented and 2 patented claims in Sanshaw-Bonanza gold property on the following terms and conditions:

- (a) the Company has an option to earn an undivided 60 percent interest in the Sanshaw- Bonanza property by incurring \$250,000 in resource exploration and development expenditures on or before August 31, 2007; and
- (b) issuing 115,000 of the Company's common shares (55,000 common shares were issued in February 2007 and valued at \$22,000; 30,000 common shares were issued in April 2008 and valued at \$10,800; 30,000 commons shares were issued in July 2008 and valued at \$10,800) in tranches over an 18-month period and 200,000 warrants (issued) at an exercise price of \$1.40 per share which will expire 36 months from the date of issuance.

The fair value of the 200,000 common share purchase warrants issued for the 60 percent interest in the 10 claim Sanshaw-Bonanza gold property has been estimated to be \$32,200 using the Black-Scholes option pricing model. In determining this value, the following assumptions were used: risk-free interest rate of 3.96%, dividend yield of 0%, expected stock volatility of 101% and an expected life of 36 months.

Terms of the agreement provide for the dilution of EMCO's interest in the property to 10% on the occurrence of certain events, which would then convert their interest to a 3% NSR. An underlying 1.5% NSR remains with the original property owner.

On June 18, 2007, the Company amended the option agreement with EMCO relating to the Sanshaw-Bonanza property. The Company has agreed to increase the expenditures required to be incurred on or before August 31, 2008 to \$500,000 and to issue to EMCO 100,000 common shares in the capital of the Company as consideration for the amended agreement (issued and valued at \$35,000).

On September 11, 2008, the Company reported that it has incurred the expenditures required to successfully fulfill the terms of its option agreement with EMCO to earn a 60% undivided interest in the Sanshaw-Bonanza property.

(iv) On April 28, 2010, the Company announced that, through a series of cash and share payments (the "Transaction"), it had:

- 1. acquired the remaining 40% interest in its Sanshaw-Bonanza property (the "Property") in the Red LakeGold District of Ontario from EMCO Corporation S.A. ("EMCO");
- 2. acquired four additional claims which are contiguous to the Property from Perry English ("English"); and
- 3. reduced the existing NSR on the Property, so that the Company now holds a 100% interest in and to the Property, subject only to an NSR of just 0.375%.

Grandview had previously completed expenditure requirements to earn a 60% interest in the Property as per an option agreement with EMCO dated February 7, 2007. To acquire the remaining 40% interest in the Property, the Company paid EMCO \$25,000 in cash and issued 50,000 common shares in its capital. Also, the Company expanded the Property parcel by acquiring two unpatented claims and two patented claims for aggregate consideration of \$60,000 in cash and the issuance of 500,000 common shares in its capital.

**6. Mining Interests (Continued)**

(a) Red Lake Gold Camp, Ontario, Canada (Continued)

(iv) (Continued)

Concurrently, the Company also purchased 75% of the outstanding 1.5% NSR on the Property for \$25,000 cash. Cumulative expenditures related to the Transaction totalled \$110,000 cash and 550,000 common shares of the Company.

The Company has spent all funds raised in conjunction with the December 31, 2010 flow-through private placement on eligible Canadian exploration expenditures by, on or before December 31, 2011.

(b) Rice Lake Gold Camp, Manitoba, Canada

Grandview had a 100% interest in 16 unpatented mining claims in the Long Lake - Cat Lake area of southeastern Manitoba (the "GVG Property"). The Company staked these claims in 2005 and 2006. In fiscal 2009, the Company determined that the carrying value of its Rice Lake Gold Camp in Manitoba, Canada could not be supported, resulting in an impairment charge of \$1,557,112. During the year ended year ended May 31, 2011, the Company disposed the Bissett properties within its Rice Lake Gold Camp for \$2,000. The Company received a 1% Net Smelter Return on the disposed property.

(c) Guilianita Project, Peru

On July 2, 2009, a binding Memorandum of Understanding (the "Memorandum") was signed with a private Peruvian Group which granted a two-stage option (the "Option") to acquire up to a 100% interest in a property located in the Suyo District, Ayabaca Province, Piura Department, Peru (the "Guilianita"). The Option provided the Company with a right to earn an 80% interest in Guilianita by (i) making a US\$20,000 cash payment on signing of the Memorandum; (ii) incurring CAD \$1.4 million in exploration and development expenditures; and (iii) issuing a total of two million common shares of the Company over a three year period. (issued - 200,000 common shares).

The Option also allowed the Company to acquire the remaining 20% subject to it making an additional payment of US\$300,000 (CAD\$313,050) and issuing a further 250,000 common shares of the Company prior to the third anniversary of the date of the Memorandum.

To date, the local community has not granted permission to the Company to begin exploration or development of the Guilianita property. In June 2011, exploration activity was suspended until the local community delivers key surface access rights to allow the Company to carry out advanced exploration and development plans on the property. Work and payment commitments under the Option agreement have also been suspended. The Company has resubmitted a request proposal to the community and is awaiting their response. The Company is working on a plan to restart financing and work programs.

On August 18, 2012, the Company finalized an amendment (the "Amendment") to the Memorandum dated July 2, 2009. As per the Amendment, the terms of the Memorandum are suspended until an agreement is reached with the local community to grant the Company the necessary Rights. At such time that the Company is granted the Rights, the terms of the Memorandum will resume. If the Company has not received the Rights by May 31, 2013, it will relinquish its interest in the property and will be released from any obligations under the terms of the Memorandum.

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**6. Mining Interests (Continued)**

As of May 31, 2012, accumulated costs with respect to the Company's interest in mineral properties, consisted of the following:

<b>Mining interests</b>	
Balance, June 1, 2010	\$ 4,149,771
Additions	420,986
Gain on disposition of mineral property rights	(2,000)
Balance, May 31, 2011	4,568,757
Additions	657,024
Balance, May 31, 2012	\$ 5,225,781

**7. Share Capital**

(a) Authorized

Unlimited number of common shares

Unlimited number of preference shares. The preference shares are without par value, redeemable, voting, non-participating, and are convertible into common shares at the rate of one common share for five preference shares (none currently issued and outstanding).

(b) Issued

	<b>Number of Common Shares</b>	<b>Amount (Note 15)</b>
<b>Balance, June 1, 2010</b>	<b>72,763,033</b>	<b>\$ 16,093,441</b>
Exercise of warrants	333,333	32,000
Private placement (i)	8,066,666	605,000
Premium on flow-through (i)	-	(80,667)
Warrant valuation (i)	-	(43,776)
Cost of issue - broker warrant valuation (i)	-	(25,591)
Cost of issue (i)	-	(46,565)
<b>Balance, May 31, 2011 and May 31, 2012</b>	<b>81,163,032</b>	<b>\$ 16,533,842</b>

- (i) On December 31, 2010, the Company closed a non-brokered private placement (the "Placement") with the Mineral Fields Group. The Placement resulted in the issuance by the Company of a total of 8,066,666 flow-through units in the capital of the Company (the "Flow-Through Units") at a purchase price of \$0.075 per Flow-Through Unit for gross proceeds to the Company of \$605,000. Each Flow-Through Unit consists of one common share of the Company issued on a flow-through basis and one-half of one common share purchase warrant ("Warrant"). Each whole Warrant is exercisable to acquire one further common share of the Company on a non-flow-through basis at a price of \$0.15 for the first 12 months following issuance and at \$0.20 for the second twelve months. The flow-through shares were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The deferred premium on flow-through shares was calculated to be \$80,667, net of transaction costs. During the year ended May 31, 2012, the deferred premium on flow-through shares of \$80,667 was reversed (resulting from flow-through funds spent) and recorded as a premium on flow-through shares in the consolidated statements of loss and comprehensive loss for the year ended May 31, 2012.





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**7. Share Capital (Continued)**

(b) Issued (Continued)

The fair value of the 4,033,332 common share purchase warrants has been estimated to be \$43,776 using the Black-Scholes option pricing model. In determining this value, the following assumptions were used: risk-free interest rate of 1.66%, dividend yield of 0%, expected stock volatility of 112.13% and an expected life of 12 months.

In connection with the Placement, the Company paid eligible persons (the "Finders") a cash fee of 6.0% of the gross proceeds raised through each Finder under the Offering and also issued finder's warrants (each a "Finder's Warrant") equal to 7.5% of the total number of Flow-Through Units placed by such Finders. Each Finder's Warrant entitles the holder to acquire one unit (each a "Finder's Unit" and collectively the "Finder's Units") with each Finder's Unit being comprised of one common share of the Company on a non-flow-through basis and one-half of one Warrant on the same terms as above, expiring December 31, 2012. On closing, the Company paid \$36,300 in cash fees to the Finders and issued 604,999 Finder's Warrants to the Finders. In addition, the Company also paid a cash diligence fee of \$10,265 in connection with the Placement.

The fair value of the 604,999 Finder's Warrants has been estimated to be \$25,591 using the Black-Scholes option pricing model. In determining this value, the following assumptions were used: risk-free interest rate of 1.66%, dividend yield of 0%, expected stock volatility of 137.49% and an expected life of 24 months.

**8. Warrants**

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, June 1, 2010</b>	<b>26,999,998</b>	<b>\$ 0.12</b>
Issued (note 7(b)(i))	4,638,331	0.16
Exercised	(333,333)	(0.05)
<b>Balance, May 31, 2011 and May 31, 2012</b>	<b>31,304,996</b>	<b>\$ 0.13</b>

The following are the warrants outstanding at May 31, 2012:

	Number of Warrants	Fair Value	Exercise Price	Expiry Date
(i)	26,666,665	\$ 1,631,999	\$ 0.12	December 3, 2012
	4,033,332	43,776	0.18	December 30, 2012
	604,999	25,591	0.08	December 21, 2012
	<b>31,304,996</b>	<b>\$ 1,701,366</b>	<b>\$ 0.13</b>	

- (i) On November 28, 2011, the Company extended the term of the 26,666,665 warrants issued by the Company on December 3, 2009. The Warrants, which were scheduled to expire on December 3, 2011, will now expire on December 3, 2012. The extension increased the fair value of the warrants by \$191,999 as estimated by the difference between the fair value of the modified warrants and that of the original warrants as at the date of the approval of the extension using the Black-Scholes option pricing model with the following assumptions for the modified warrants: dividend yield of 0%; expected volatility of 118%; risk-free interest rate of 0.98% and an expected average life of 1.01 years and with the following assumptions for the original warrants: dividend yield of 0%; expected volatility of 226%; risk-free interest rate of 0.98% and an expected average life of 0.01 years.



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**9. Stock Options**

The Company maintains an employee stock option plan under which the Board of Directors, or a committee appointed for such purpose, may from time to time grant to employees, officers, directors or consultants of the Company, options to acquire common shares in such numbers, for such terms and at such exercise prices, as may be determined by the Board of Directors or such committee.

The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall be equal to 10% of the total issued and outstanding common shares and that the maximum number of common shares which may be reserved for issuance to any one optionee pursuant to share options may not exceed 5% of the common shares outstanding at the time of grant.

The options are valid for a maximum of 5 years from the date of issue and the normal vesting term is 1/4 immediately and 1/4 after 3, 6 and 9 month period from the date of grant. Grandview uses the graded vesting method.

The following is continuity of stock options:

	Number of of Stock Options	Weighted Average Exercise Price
<b>Balance, June 1, 2010</b>	<b>5,875,000</b>	<b>\$ 0.38</b>
Cancelled	(375,000)	(0.15)
Expired	(250,000)	(1.80)
<b>Balance, May 31, 2011</b>	<b>5,250,000</b>	<b>\$ 0.33</b>
Cancelled	(1,150,000)	(0.37)
<b>Balance, May 31, 2012</b>	<b>4,100,000</b>	<b>\$ 0.31</b>

The following are the stock options outstanding and exercisable at May 31, 2012:

Expiry Date	Options outstanding			Options exercisable	
	Number of Options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
September 27, 2012	1,200,000	0.33	\$ 0.68	1,200,000	\$ 0.68
June 23, 2014	2,000,000	2.06	0.15	2,000,000	0.15
December 9, 2014	900,000	2.53	0.15	900,000	0.15
	<b>4,100,000</b>	<b>1.66 years</b>	<b>\$ 0.31</b>	<b>4,100,000</b>	<b>\$ 0.31</b>



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**10. Basic and Diluted Loss Per Share**

	Years Ended	
	May 31, 2012	May 31, 2011
Numerator for basic loss per share	\$ (248,817)	\$ (408,907)
Numerator for diluted loss per share	\$ (248,817)	\$ (408,907)
Denominator for basic loss per share		
Weighted average number of common shares	81,163,032	76,271,891
Denominator for diluted loss per share		
Weighted average number of common shares	81,163,032	76,271,891
<b>Basic loss per share</b>	\$ (0.00)	\$ (0.01)
<b>Diluted loss per share</b>	\$ (0.00)	\$ (0.01)

Diluted loss per share reflects the maximum possible dilution from the potential exercise of outstanding stock options and warrants and the conversion of convertible securities. However, the effect of outstanding warrants and stock options has not been included for periods with net losses as the effect would be anti-dilutive.

**11. Segmented Information**

The Company's operations comprise a single reporting operating segment engaged in mineral exploration, which is consistent with the internal reporting reviewed by the Chief Operating Decision Maker, which is determined to be the CEO. The Company's single operating segment is separated by geographic location.

The Company's non-current assets by geographic location are:

	May 31, 2012	May 31, 2011	June 1, 2010
Canada	\$ 4,461,962	\$ 3,934,755	\$ 3,887,666
Peru	763,819	646,720	275,804
<b>Total non-current assets</b>	<b>\$ 5,225,781</b>	<b>\$ 4,581,475</b>	<b>\$ 4,163,470</b>

The Company's loss and comprehensive loss by geographic location are:

	May 31, 2012	May 31, 2011
Canada	\$ 218,663	\$ 391,317
Peru	30,154	17,590
<b>Total assets</b>	<b>\$ 248,817</b>	<b>\$ 408,907</b>



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**12. Related Party Transactions**

	Notes	Years Ended	
		May 31, 2012	May 31, 2011
Doublewood Consulting Inc.	(i)	\$ 112,500	\$ 150,000
7346034 Canada Corporation	(ii)	21,000	33,000
Marrelli Support Services Inc.	(iii)	47,031	41,584
DSA Filing Services	(iv)	300	2,535

- i) For the year ended May 31, 2012, \$112,500 (year ended May 31, 2011 - \$150,000) was paid to the President and CEO of the Company for consulting services. Included in this amount was \$61,375 (year ended May 31, 2011 - \$75,250) capitalized to mining interests. Included in accounts payable as at May 31, 2012 is \$nil (May 31, 2011 - \$nil and June 1, 2010 - \$nil) in relation to consulting services rendered.
- ii) For the year ended May 31, 2012, \$21,000 (year ended May 31, 2011 - \$33,000) in consulting fees was paid or accrued to the former Chief Financial Officer or a company controlled by the former Chief Financial Officer. Included in accounts payable as at May 31, 2012 is \$nil (May 31, 2011 - \$nil and June 1, 2010 - \$6,000) in relation to consulting services rendered.
- iii) For the year ended May 31, 2012, \$47,031 (year ended May 31, 2011 - \$41,584) in consulting and professional fees was paid or accrued to the current Chief Financial Officer or a company controlled by the current Chief Financial Officer. Included in accounts payable as at May 31, 2012 is \$2,471 (May 31, 2011 - \$2,559 and June 1, 2010 - \$2,536) in relation to consulting and professional services rendered.
- iv) For the year ended May 31, 2012, \$300 (year ended May 31, 2011 - \$2,535) in filing fees was paid or accrued to a company controlled by the current Chief Financial Officer. Included in accounts payable as at May 31, 2012 is \$nil (May 31, 2011 - \$nil and June 1, 2010 - \$nil) in relation to filing services rendered.
- v) Effective November 30, 2010, the Company entered into two agreements in respect of the sale of four mining claims owned by it and located in Manitoba, being the Packsak, Clapelou Patent Claims, CUPP2 Frac and CUPP3 Frac (collectively, the "Claims"). Two of the four Claims were transferred to Centerpoint Resources Inc. ("Centerpoint") and the remaining two were transferred to Centershield Gold Mines Inc., a subsidiary of Centerpoint. The Company received nominal cash consideration on closing and retained a 1% NSR over the Claims. Two directors of the Company are senior officers with Centrepoint.

These transactions were in the normal course of operations and were measured at fair value.

There was no other remuneration of Directors or key management personnel (determined to be the Chief Executive Officer and Chief Financial Officer) for the year ended May 31, 2012 (2011 - \$nil), except as noted above. The board of directors and select officers do not have employment or services contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.



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**13. General and Administration Expenses**

	Years Ended	
	May 31, 2012	May 31, 2011
Investor relations, business development and reporting issuer costs	\$ 73,929	\$ 85,387
Professional fees	136,334	153,760
Management and consulting services	79,625	107,750
Office and administration	40,174	58,120
Other	-	6,568
	<b>\$ 330,062</b>	<b>\$ 411,585</b>

**14. Income Taxes**

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

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended May 31 is as follows:

	2012	2011
Net loss before recovery of income taxes	\$ (248,817)	\$ (408,907)
Expected income tax recovery	(68,425)	(120,791)
Tax rate changes and other adjustments	(31,271)	116,992
Effect of flow-through renunciation	166,375	-
Non-deductible expenses	7,444	-
Cost of issue	-	(51,329)
Change in tax benefits not recognized	(74,123)	55,128
Income tax expense	<b>\$ -</b>	<b>\$ -</b>

The 2012 statutory tax rate of 27.5% differs from the 2011 statutory tax rate of 29.54% because of the reduction in federal and provincial substantively enacted tax rates.



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**14. Income Taxes (Continued)**

**Deferred Income Tax Assets**

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	May 31, 2012	May 31, 2011
Exploration expenditures	\$ 5,750,700	\$ 6,353,100
Non-capital losses - Canada	6,512,200	6,102,900
Non-capital losses - Peru	39,800	34,400
Marketable securities	325,300	325,300
Share issue and financing costs	52,100	176,000

The Canadian non-capital loss carry forwards expire as noted in the table below. Peruvian losses may be carried forward indefinitely but may only be applied against 50% of taxable income in each subsequent year. Share issue and financing costs expire from 2013 to 2015. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2015	\$ 724,300
2026	1,366,100
2027	1,685,100
2028	1,760,300
2031	566,000
2032	410,400



**15. Conversion to IFRS**

(i) *Overview*

As stated in Significant Accounting Policies Note 2, these consolidated financial statements have been prepared in accordance with IFRS as issued by IASB.

The accounting policies described in Note 2 have been applied in preparing the consolidated financial statements for the year ended May 31, 2012, including comparatives at May 31, 2011, and in preparation of an opening IFRS statement of financial position at June 1, 2010 (the Company's Transition Date).

(ii) *First-Time Adoption of IFRS*

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS consolidated statement of financial position as at June 1, 2010.

- To apply IFRS 2 Share based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.

The Company has applied the following mandatory exemptions in its preparation of an opening IFRS consolidated statement of financial position as at June 1, 2010.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS consolidated statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS consolidated statement of financial position is included as comparative information in the statements of financial position in these consolidated financial statements.

(iii) *Changes to Accounting Policies*

The Company has changed certain accounting policies to be consistent with IFRS as is effective on May 31, 2012, the Company's first annual IFRS reporting date. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue, expenses or cash flow within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) *Impairment of non-financial assets*

IFRS requires a write down of assets if the higher of the fair value less costs to sell 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 related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the consolidated financial statements.

**15. Conversion to IFRS (Continued)**

(iii) *Changes to Accounting Policies (Continued)*

(b) Provision for environmental rehabilitation

IFRS requires the recognition of a provision for environmental rehabilitation for legal or constructive obligations, while Canadian GAAP only required 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 environmental rehabilitation have been changed to reflect these differences. There is no impact on the consolidated financial statements.

(c) Flow through shares and deferred taxes

Under Canadian GAAP, the Company followed the recommendations of the Emerging Issues Committee ("EIC") of the CICA with respect to flow-through shares, as outlined in EIC-146. The application of EIC-146 requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with the exploration expenditures, provided there is reasonable assurance that the expenditures will be made. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

As part of the transition to IFRS the Company has adopted a policy to allocate the proceeds between the offering of the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors. The liability is reduced and the reduction of premium liability is recorded in other income on a pro-rata basis based on the corresponding eligible expenditures that have been incurred and it is the Company's intention to file the appropriate renunciation forms with the Canadian taxation authorities.

Further, the corresponding reduction of share capital in respect of flow-through share financing as previously recorded under Canadian GAAP is now recorded as an expense in the consolidated statements of loss and comprehensive loss.

(d) Presentation

Certain amounts in the consolidated statement of loss and comprehensive loss have been reclassified to conform to the presentation adopted under IFRS as noted in the following section. There was no impact on the presentation of cash flows as a result of the change to IFRS.



**Grandview Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Year Ended May 31, 2012**

**15. Conversion to IFRS (Continued)**

(iv) *Reconciliation between IFRS and Canadian GAAP*

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

<b>June 1, 2010</b>	<b>Canadian GAAP</b>	<b>IFRS Adjustments</b>	<b>IFRS</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,432,824	\$ -	\$ 1,432,824
Short term investments	25,037	-	25,037
HST and sundry receivable	26,416	-	26,416
Prepaid expenses	12,876	-	12,876
	1,497,153	-	1,497,153
Reclamation bond	13,699	-	13,699
Mining interests	4,149,771	-	4,149,771
	\$ 5,660,623	\$ -	\$ 5,660,623
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 89,284	\$ -	\$ 89,284
Provision for environmental rehabilitation	13,699	-	13,699
	102,983	-	102,983
<b>Shareholders' equity</b>			
Share capital (Note 15(iii)(c))	15,081,883	1,011,558	16,093,441
Warrants (Note 15(iii)(d))	1,455,333	-	1,455,333
Contributed surplus (Note 15(iii)(d))	8,982,005	-	8,982,005
Deficit (Note 15(iii)(c))	(19,961,581)	(1,011,558)	(20,973,139)
	5,557,640	-	5,557,640
	\$ 5,660,623	\$ -	\$ 5,660,623



**Grandview Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Year Ended May 31, 2012**

**15. Conversion to IFRS (Continued)**

(iv) *Reconciliation between IFRS and Canadian GAAP (Continued)*

The May 31, 2011 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

May 31, 2011	Canadian GAAP	IFRS Adjustments	IFRS
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,177,679	\$ -	\$ 1,177,679
Short term investments	25,286	-	25,286
HST and Sundry receivable	63,414	-	63,414
Prepaid expenses	17,718	-	17,718
	1,284,097	-	1,284,097
Reclamation bond	12,718	-	12,718
Mining interests	4,568,757	-	4,568,757
	\$ 5,865,572	\$ -	\$ 5,865,572
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 129,019	\$ -	\$ 129,019
Provision for environmental rehabilitation	12,718	-	12,718
Deferred premium on flow-through shares (Note 15(iii)(c))	-	80,667	80,667
	141,737	80,667	222,404
<b>Shareholders' equity</b>			
Share capital (Note 15(iii)(c))	15,602,951	930,891	16,533,842
Warrants (Note 15(iii)(d))	1,509,367	-	1,509,367
Contributed surplus (Note 15(iii)(d))	8,982,005	-	8,982,005
Reserves (Note 15(iii)(d))	-	-	-
Deficit (Note 15(iii)(c))	(20,370,488)	(1,011,558)	(21,382,046)
	5,723,835	(80,667)	5,643,168
	\$ 5,865,572	\$ -	\$ 5,865,572



**Grandview Gold Inc.**  
**Notes to Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Year Ended May 31, 2012**

**15. Conversion to IFRS (Continued)**

(iv) *Reconciliation between IFRS and Canadian GAAP (Continued)*

The year ended May 31, 2011 Canadian GAAP consolidated statement of loss and comprehensive loss has been reconciled to IFRS as follows:

<b>Year ended May 31, 2011</b>	<b>Canadian GAAP</b>	<b>IFRS Adjustments</b>	<b>IFRS Reclassifications</b>	<b>IFRS</b>
<b>Expenses:</b>				
Investor relations, business development and reporting issuer maintenance costs	\$ 85,387	\$ -	\$ (85,387)	\$ -
Professional fees	153,760	-	(153,760)	-
Management and consulting services	107,750	-	(107,750)	-
Office and administration (Note 15(iii)(d))	58,120	-	353,465	<b>411,585</b>
Exploration evaluation expenses	8,568	-	(8,568)	-
Gain on disposition of mineral property rights	(2,000)	-	2,000	-
<b>Operating loss before the following</b>	<b>(411,585)</b>	<b>-</b>	<b>-</b>	<b>(411,585)</b>
Interest income	2,678	-	-	<b>2,678</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (408,907)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (408,907)</b>



**ITEM 19: Exhibit Index**

*Articles of Incorporation/Bylaws as currently in effect:*

1.1. Certificate of Incorporation, Loisan Red Lake Gold Mines Limited, November 23, 1945. <sup>(1)</sup>

1.2. Articles of Amendment dated September 22, 1983. <sup>(1)</sup>

1.3. Articles of Amendment dated April 9, 1987. <sup>(1)</sup>

1.4. Articles of Amendment dated July 6, 2004. <sup>(1)</sup>

1.5. By-laws of the Company dated January 14, 1987. <sup>(1)</sup>

<sup>(1)</sup> (incorporated by reference to Form 20-FR12G for the registration of securities filed on May 5, 2005)

**4. Material Contracts**

4.1. Option Agreement with Fronteer Development Group Inc. and the Company, dated as of August 26, 2005; <sup>(1)</sup>

4.2. Consulting Agreement dated June 8, 2006 between the Company and Paul Sarjeant; <sup>(2)</sup>

4.3. Consulting Agreement dated October 31, 2006 between the Company, Doublewood Consulting, and Paul Sarjeant; <sup>(2)</sup>

4.4. Option Agreement between EMCO Corporation SA and the Company made effective as of October 30, 2006; <sup>(3)</sup>

4.5. Amendment to Option Agreement between EMCO Corporation SA and the Company dated June 18, 2007. <sup>(3)</sup>

- (1) (incorporated by reference to Amended Form 20-FR12G for the registration of securities filed on January 4, 2006)
- (2) (incorporated by reference to Form 20-F for the year ended May 31, 2006 filed on December 26, 2006)
- (3) (incorporated by reference to Form 20-F for the year ended May 31, 2007 filed on December 12, 2007)

#### 8.1 List of Subsidiaries of the Company

The Corporation has a wholly owned subsidiary incorporated pursuant to the laws of Nevada on July 16, 2008, under the name Grandview Gold (USA) Inc. Grandview Gold (USA) Inc.

On July 26, 2009 the Corporation created a wholly owned subsidiary pursuant to the laws of Peru under the name Recuperacion Realzada S.A.C.

#### 12 Certifications

[12.1 Section 302 Certification of the Company's Chief Executive Officer](#)

[12.2 Section 302 Certification of the Company's Chief Financial Officer](#)

[12.3 Section 906 Certification of the Company's Chief Executive Officer](#)

[12.4 Section 906 Certification of the Company's Chief Financial Officer](#)

#### 15. Additional Exhibits

15.1 2006 Stock Option Plan <sup>(1)</sup>

15.2 Audit Committee Charter <sup>(2)</sup>

15.3 Giuliani Binding Memorandum of Understanding <sup>(3)</sup>

15.4 Property Agreement with Miguel Saldana <sup>(3)</sup>

15.5 Purchase and Sale Agreement with Centershield Gold Mines Inc. - November 2010 <sup>(3)</sup>

15.6 Purchase and Sale Agreement with Centershield Gold Mines Inc. - August 2010 <sup>(3)</sup>

15.7 Letter dated April 9, 2012 of McCarney Greenwood LLP to the SEC, as required by Item 16F of Form 20-F <sup>(4)</sup>

[15.8 Amendment to Giuliani Binding Memorandum of Understanding](#)

- (1) (incorporated by reference to Form 20-F for the year ended May 31, 2006 filed on December 26, 2006)
- (2) (incorporated by reference to Amended Form 20-FR12G for the registration of securities filed on November 15, 2005)
- (3) (incorporated by reference to Form 20-F for the year ended May 31, 2011 filed on December 1, 2011)
- (4) (incorporated by reference to Amended Form 20-F for the year ended May 31, 2011 filed on April 9, 2012)

**SIGNATURES**

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**GRANDVIEW GOLD INC.**

By: /s/ Paul Sarjeant  
Paul Sarjeant  
President

Dated: August 27, 2012



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D. Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**CERTIFICATION PURSUANT TO**  
**18 U.S.C. §1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Grandview Gold Inc. (the "Company") on Form 20-F for the year ended May 31, 2012, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Annual Report") I, Carmelo Marrelli, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 27, 2012

*/s/ Carmelo Marrelli* \_\_\_\_\_

**Carmelo Marrelli**

Chief Financial Officer



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*Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

C. Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**CERTIFICATION PURSUANT TO**  
**18 U.S.C. §1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Grandview Gold Inc. (the "Company") on Form 20-F for the year ended May 31, 2012 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Annual Report"), I, Paul Sarjeant, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 27, 2012

/s/ Paul Sarjeant \_\_\_\_\_

**Paul Sarjeant**

President and Chief Executive Officer



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B. Certification of Chief Financial Officer

**SECTION 302 CERTIFICATION**  
**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Carmelo Marrelli, certify that:

1. I have reviewed this annual report on Form 20-F of Grandview Gold Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;





- (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting and;
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 27, 2012

*/s/ Carmelo Marrelli* \_\_\_\_\_

**Carmelo Marrelli**

Chief Financial Officer



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**SECTION 302 CERTIFICATION**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Paul Sarjeant, certify that:

1. I have reviewed this annual report on Form 20-F of Grandview Gold Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;



- (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting and;
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 27, 2012

/s/ Paul Sarjeant \_\_\_\_\_

**Paul Sarjeant**

President and Chief Executive Officer



  
 Grandview Gold  
 330 Bay Street, Suite 820  
 Toronto, Ontario Canada  
 M5H 2S8

August 15, 2012

Sr. Miguel Angel Saldana Mujica  
 Calle Miguel Soto Valle, No, 281  
 Apartment 401  
 Magdalena del Mar, Peru

**Attention: Sr. Saldana**

Dear Miguel:

Due to conditions beyond the control of Grandview Gold Inc ("Grandview"), Grandview's 100% owned subsidiary Recuperacion Realzada S.A.C. ("Recuperacion") and yourself ("Saldana"), namely the inability of Grandview/Recuperacion and Saldana to obtain surface access rights from the local communities as they relate to the Giulianita and Giulianita I mining claims (the "Property") we are seeking a formal letter of agreement between all parties that the agreement dated July 2<sup>nd</sup>, 2009 be suspended, but all conditions remain in place until such time that Grandview/Recuperacion are granted surface access rights to the Property. Once surface access rights are granted Grandview will endeavour to resume exploration/development efforts of the Project and meet all terms of the agreement.

For greater clarity the following terms were agreed to:

1. Year One - Grandview to acquire 80% of the Property for the following term:
  - (i) Cash payment of \$US 20,000 to Saldana – completed
  - (ii) Issuing 300,000 common shares of Grandview to Saldana – completed
  - (iii) Complete \$CDN 150,000 of exploration/development expenditures on the property on or before the first anniversary date of the agreement - completed
2. Year Two:
  - (i) Grandview to issue and additional 500,000 common shares of Grandview to Saldana – not completed
  - (ii) Complete an additional \$US 300,000 of exploration/development expenditures on the property on or before the second anniversary – in progress
3. Year Three:
  - (i) Grandview to issue 1,000,000 common shares of Grandview to Saldana – not completed
  - (ii) Complete and additional \$US 1,000,000 of exploration/development expenditures on the property on or before the third anniversary – not completed
4. Thereafter:
  - (i) Grandview will have the right to acquire the remaining 20% of the Property by making an additional cash payment of \$US 300,000 and issuing and additional

250,000 common shares of Grandview. If Grandview acquires 100% interest in the Property, Saldana retains a 2.5% NSR.


If Grandview/Recuperación is unable to achieve necessary approval by May 31, 2013 Grandview will relinquish its' rights to the project. On relinquishment by Grandview of all its rights as herein described, Saldana agrees as consideration therefore to surrender all claims, lawsuits and entitlements whatever against Grandview and or Recuperacion, should any exist, to the end of May 31, 2013, neither party has any legal rights whatever in any legal jurisdiction against each other.

We would also like to acknowledge that Grandview/Recuperacion has continued to work with Sr. Saldana and various members of the community to reach an agreement that allows unrestricted access to the Property so that Grandview/Recuperacion can meet the terms of the agreement with Sr. Saldana dated July 2<sup>nd</sup>, 2009.

If the foregoing is acceptable to you would you kindly sign the copy of this letter where indicated and return to my attention at your earliest convenience. If you have any questions please do not hesitate to contact me.

Yours truly,

**GRANDVIEW GOLD INC.**

Per:   
Paul Sarjeant, P.Geo.  
President

Above offer accepted this 18th day of August, 2012.

**Sr. Miguel Angel Mujica Saldana**

Per: \_\_\_\_\_  
Authorized Signatory