(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2012 AND 2011

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Lakeside Minerals Inc. were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the dates of and for the years presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition and results of operations of the Company, as of the dates of and for the years presented by the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the consolidated financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process. The Audit Committee meets with management as well as with the independent auditors to review the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

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

"Mario Justino" (CEO)

"Chris Hazelton" (CFO)

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Audit Opinion

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lakeside Minerals Inc.

We have audited the accompanying consolidated financial statements of Lakeside Minerals Inc., which comprise the consolidated statements of financial position as at January 31, 2012, January 31, 2011 and February 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended January 31, 2012 and January 31, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained 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 Lakeside Minerals Inc. as at January 31, 2012, January 31, 2011 and February 1, 2010, and its financial performance and its cash flows for the years ended January 31, 2012 and January 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our option, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has material uncertainties that may cast doubt about the Company ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Ontario
May 28, 2012

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LAKESIDE MINERALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

Assets		January 31, 2012		January 31, 2011 (note 18)		February 1, 2010 (note 18)
Current						
Cash and cash equivalents (note 5)	**$**	**1,230,116**	$	295,645		-
HST receivable and other receivables (note 6)		**188,312**		15,437		1
Prepaid expenses (note 7)		**35,784**		-		-
Total assets	**$**	**1,454,212**	$	311,082	$	1
Liabilities						
Current						
Accounts payable and accrued liabilities (note 8)	**$**	**441,467**	$	46,709	$	-
Flow-through premium liability (note 9)		**260,300**		-		-
Total liabilities		**701,767**		46,709		-
Shareholders' Equity						
Share capital (note 9)		**2,654,203**		520,417		1
Reserve for warrants (note 10)		**507,453**		62,029		-
Reserve for options (note 11)		**155,195**		82,698		-
Accumulated (deficit)		**(2,564,406)**		(400,771)		-
Total shareholders' equity		**752,445**		264,373		-
Total liabilities and shareholders' equity	**$**	**1,454,212**	$	311,082	$	1

Nature of operations and going concern (note 1)

Subsequent events (note 19)

Commitments and contingencies (notes 12)

APPROVED ON BEHALF OF THE BOARD

"Andres Tinajero" (Director) **"Yannis Banks"** (Director)

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

LAKESIDE MINERALS INC.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31, 2012 and 2011

(Expressed in Canadian Dollars)

		January 31, 2012		January 31, 2011 (note 18)
Expenses				
Management, consulting fees and salaries	$	**379,579**	$	44,000
Professional fees		**455,540**		20,269
Office and general		**135,070**		3,034
Share based payments (note 11)		**72,497**		82,698
Exploration and evaluation expenditures (note 4)		**640,419**		250,770
Transaction costs (note 3)		**545,300**		-
Total expenses		**2,228,405**		400,771
Other income				
Interest		**770**		-
Tax recovery (note 14)		**64,000**		-
		64,770		-
Net loss and comprehensive loss		**(2,163,635)**		(400,771)
Weighted average shares outstanding				
- basic and diluted		**15,850,608**		1,781,840
Loss per share				
- basic and diluted	$	**(0.136)**	$	(0.225)

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

LAKESIDE MINERALS INC.
Consolidated Statements of Cash Flow
For the year ended January 31, 2012 and 2011
(Expressed in Canadian Dollars)

	January 31, 2012	January 31, 2011 (note 18)
Operating Activities		
Net loss	$ **(2,163,635)**	$ (400,771)
Adjustments to reconcile net loss to cash flow:		
Share based payments	**72,497**	82,698
Shares issued for services	**13,000**	-
Shares issued for optioned properties	**120,000**	125,000
Transaction costs	**545,300**	-
Net change in non-cash operating working capital items:		
HST receivable and other receivables	**(74,413)**	(15,437)
Accounts payable and accrued liabilities	**299,122**	46,709
Prepaid expenses	**(35,784)**	-
Cash flow used in operating activities	**(1,223,913)**	(161,801)
Financing Activities		
Proceeds from RTO	**29,795**	-
Proceeds from unit private placement	**2,508,050**	463,601
Share issuance cost	**(379,461)**	(6,155)
Cash flow provided from financing activities	**2,158,384**	457,446
Net increase in cash	**934,471**	295,645
Cash and cash equivalents – Beginning of year	**295,645**	-
Cash and cash equivalents – End of year	$ **1,230,116**	$ 295,645

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

LAKESIDE MINERALS INC.
Consolidated Statements of Changes in Equity
For the year ended January 31, 2012
(Expressed in Canadian Dollars)

	Share Capital		Reserves			
	Number of Shares	Amount	Options	Warrants	Accumulated Deficit	Total
Balance at February 1, 2010	100	$ 1	$ -	$ -	$ -	$ 1
Issued for cash consideration:						
Issued to initial director - October 1, 2010	1,000,000	$ 100	-	-	-	$ 100
Issued for non-cash consideration:			-	-	-	-
Issued for mineral properties at $0.05	1,000,000	50,000	-	-	-	50,000
Private placement - December 1, 2010 at $0.05	3,740,000	187,000	-	-	-	187,000
Private placement (flow-through) - December 29, 2010 at $0.10	2,060,000	206,000	-	-	-	206,000
Private placement (non flow-through) - December 29, 2010 at $0.10	705,000	70,500	-	-	-	70,500
Issued for non-cash consideration:			-	-	-	-
Issued for mineral properties at $0.05	1,500,000	75,000	-	-	-	75,000
Warrants Issued -Private placement (flow-through) December 29, 2010	-	(46,202)	-	46,202	-	-
Warrants Issued -Private placement (non flow-through) December 29, 2010	-	(15,827)	-	15,827	-	-
Share issuance costs	-	(6,155)	-	-	-	(6,155)
Share based payments	-	-	82,698	-	-	82,698
Net loss for the year	-	-	-	-	(400,771)	(400,771)
Balance at January 31, 2011	10,005,100	$ 520,417	$ 82,698	$ 62,029	$ (400,771)	$ 264,373
Issued for cash consideration:						
Private placement (flow-through) - April 4, 2011 at $0.10	2,050,000	$ 205,000	-	-	-	$ 205,000
Private placement (non flow-through) - April 4, 2011 at $0.10	2,000,000	200,000	-	-	-	200,000
Warrants Issued -Private placement (flow-through) April 4, 2011	-	(40,355)	-	40,355	-	-
Warrants Issued -Private placement (non flow-through) April 4, 2011	-	(39,371)	-	39,371	-	-
Share issuance costs	-	(24,001)	-	-	-	(24,001)
Issued for non-cash consideration:						
Issued for services	130,000	13,000	-	-	-	13,000

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

LAKESIDE MINERALS INC.

Consolidated Statements of Changes in Equity (cont'd)
For the year ended January 31, 2012
(Expressed in Canadian Dollars)

	Share Capital		Reserves			
	Number of Shares	Amount	Options	Warrants	Accumulated Deficit	Total
Issued for non-cash consideration:			-	-	-	-
Private placement (flow-through) - August 12, 2011 at $0.20	250,000	50,000	-	-	-	50,000
Private placement (non flow-through) - August 12, 2011 at $0.15	1,024,000	153,600	-	-	-	153,600
Private placement (flow-through) - September 28, 2011 at $0.20	50,000	10,000	-	-	-	10,000
Private placement (non flow-through) - September 28, 2011 at $0.15	913,667	137,050	-	-	-	137,050
Flow-through share issuance premium	-	(15,000)	-	-	-	(15,000)
Issued for non-cash consideration:			-	-	-	-
Issued for mineral properties at $0.15	250,000	37,500	-	-	-	37,500
Warrants Issued -Private placement (flow-through) August 12, 2011	-	(5,748)	-	5,748	-	-
Warrants Issued -Private placement (non flow-through) August 12, 2011	-	(23,543)	-	23,543	-	-
Warrants Issued -Private placement (flow-through) September 28, 2011	-	(1,149)	-	1,149	-	-
Warrants Issued -Private placement (non flow-through) September 28, 2011	-	(29,238)	-	29,238	-	-
Warrants Broker	-	(9,560)	-	9,560	-	-
Share issuance costs	-	(28,925)	-	-	-	(28,925)
Issued for cash consideration:						
Private placement (flow-through) - December 7, 2011 at $0.25	4,906,000	1,226,500	-	-	-	1,226,500
Private placement (non flow-through) - December 7, 2011 at $0.20	2,629,500	525,900	-	-	-	525,900
Flow-through share issuance premium	-	(245,300)	-	-	-	(245,300)
Issued for non-cash consideration:			-	-	-	-
Issued for mineral properties at $0.15	550,000	82,500	-	-	-	82,500
Warrants Issued -Private placement (flow-through) December 7, 2011		(138,080)	-	138,080	-	-
Warrants Issued -Private placement (non flow-through) December 7, 2011		(107,942)	-	107,942	-	-
Warrants Broker		(50,438)	-	50,438	-	-
Share based payments			72,497	-	-	72,497
Share issuance costs		(326,535)		-	-	(326,535)
Issued for Grassland shares	3,399,534	577,921	-	-	-	577,921
Net loss for the year		-	-	-	(2,163,635)	(2,163,635)
Balance at January 31, 2012	28,157,801	$ 2,654,203	$ 155,195	$ 507,453	$ (2,564,406)	$ 752,445

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

1. NATURE OF OPERATIONS AND GOING CONCERN

On December 20, 2011, Grasslands Entertainment Inc., ("Grasslands") now Lakeside Minerals Inc. (the "Company"), completed a reverse take-over ("RTO") with Lakeside Minerals Corp. and the name changed from Grasslands Entertainment Inc. to Lakeside Minerals Inc. The Company is engaged in the acquisition, exploration and development of mineral resource properties in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The address of the Company's registered office is 95 Wellington Street West, Suite 1200, Toronto, Ontario M5J 2N7.

The Company is in the process of exploring, and has not yet determined whether there are economically viable reserves on the properties it has optioned. As such, there is uncertainty with respect to the Company's ability to continue as a going concern, dependent upon such events as financing, discovery of reserves, and market demand conditions.

As is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements.

These consolidated financial statements were authorized for issue by the board of directors on May 28, 2012.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended January 31, 2012.

These are the Company's first IFRS consolidated annual financial statements. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

2.2 Basis of presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

2.3 Basis of consolidation

The consolidated financial statements include the accounts of Lakeside Minerals Corp. and Lakeside Minerals Inc.

The consolidated financial statements incorporate the financial statements of the Company and its entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant inter-company transactions and balances are eliminated on consolidation.

2.4 Use of Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of operations during the reporting period. Significant estimates and assumptions include those related to flow-through share premiums and share based payments. While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

Management has also used its judgment in determining the state of development of the mineral properties.

2.5 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2011. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning February 1, 2013, and has not yet considered the impact of the adoption of IFRS 9.

- IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- IFRS 11 'Joint Arrangements' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- IFRS 12 'Disclosure of Interests in Other Entities' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

2.6 Significant accounting policies

a) Mineral properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE").

b) Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be measured reliably, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

c) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

d) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. For the years ended January 31, 2012 and 2011, no potential shares are included in the computation as they are anti-dilutive.

e) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. The Company's other receivables are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At January 31, 2012 the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

f) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense 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, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At January 31, 2012, the Company has not classified any financial liabilities as FVTPL.

g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

h) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are measured at the exchange amount.

i) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation, when renunciation occurs, associated with such flow-through share issuances, with the premium recognized as income. The Company takes the initial recognition exemption on deferred taxes as it relates to flow-through shares.

j) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

3. REVERSE TAKE-OVER

Grasslands Entertainment Inc., now Lakeside Minerals Inc. completed a reverse take-over with Lakeside Minerals Corp. on December 20, 2011, and the name change from Grasslands Entertainment Inc. to Lakeside Minerals Inc.

Upon completion of the RTO, the former shareholders of Lakeside Minerals Corp. became the controlling shareholders of the Company. For accounting purposes, Lakeside Minerals Corp. is the deemed acquirer and Grasslands the deemed acquired company, and accordingly, Lakeside Mineral Corp.'s balances are accounted for at cost and the balances of Grasslands are accounted for at fair value. Since the operations of Grasslands do not constitute a business, this transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the share capital and deficits of Grasslands as at December 20, 2011, was eliminated, the fair value of the shares of Grasslands on December 20, 2011, was allocated to share capital and the transaction costs will be expensed.

The RTO involved the amalgamation of Lakeside Minerals Corp. with a wholly-owned subsidiary of the Company. Pursuant to the RTO, the Company acquired all of the issued and outstanding common shares of Lakeside in exchange for the issuance of an aggregate of 24,758,267 common shares of the Company. In addition, the Company issued 8,294,081 common share purchase warrants, 781,853 broker warrants and 2,450,000 stock options in exchange for the same number of common share purchase warrants, broker warrants and stock options that had previously been issued by Lakeside. The RTO was approved by the shareholders of Grasslands on October 31, 2011 and the shareholders of Lakeside Minerals Corp. on December 12, 2011.

Details of the RTO were as follows:

Identifiable net assets of Grasslands Entertainment Inc.:		
Cash and cash equivalents	$	29,795
Accounts receivable		98,462
Accounts payable		(95,636)
		32,621
Deemed transaction costs		545,300
Total	$	577,921
Consideration paid:		
Common shares issued to Grasslands Entertainment Inc. shareholders	$	577,921
Total	$	577,921

The deemed transaction costs relating to the acquired public exchange listing, were expensed.

4. EXPLORATION AND EVALUATION EXPENDITURES

The Company had entered into a series of option agreements with arm's length parties to acquire various mineral exploration properties (mining claims) in the province of Quebec.

The evaluation and exploration expenditures for the Company for the year ended January 31, 2012 and 2011 are as follows:

Property:		**January 31, 2012**		**January 31, 2011**
Dufay	**$**	338,964	$	140,770
Disson		108,692		27,500
Launay		98,932		22,500
Quevillon		22,500		7,500
Kipawa		36,103		2,500
21M16		5,477		25,000
Uranium 22B15		29,751		25,000
	$	640,419	$	250,770

Exploration properties comprise the following:

Dufay Property

The Company entered into an agreement with arm's length parties dated October 19, 2010, to acquire a 100% interest in the Dufay property consisting of 53 contiguous claims covering 27.45 sq. km located some 30 km west-southwest of Rouyn-Noranda, Quebec. Pursuant to the terms of the Dufay agreement, the Company issued 1,000,000 shares of its common stock issued at an estimated fair value of $0.05 per common share and paid $25,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 1,500,000 common shares and pay $225,000 as follows:

a) $50,000 and 250,000 shares on the first anniversary of the agreement (paid).
b) $75,000 and 250,000 shares on the second anniversary.
c) $100,000 and 1,000,000 shares on the third anniversary.

The Company shall spend at least $500,000 in exploration on the mining claims within the first 18 months after the execution of the agreement and an additional $500,000 in exploration on the mining claims within the second 18 months.

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a Net Smelter Royalty ("NSR") of 2%, of which a 1% NSR may be acquired upon payment of $500,000.

Exploration and evaluation expenditures for the year ended January 31, 2012, amounted to $338,964 pursuant to the Dufay claims. A total of $87,500 were payments under the terms of the option agreement of which 250,000 common shares were issued at an estimated fair value of $0.15 per common share and $50,000 was paid in cash.

Disson Property

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in the Disson property consisting of 36 contiguous claims covering 10.24 sq. km located some 30 km east of La Sarre, Quebec. Pursuant to the terms of the agreement, the Company issued 250,000 shares of its common stock issued at an estimated fair value of $0.05 per common share and paid $15,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 1,250,000 common shares and pay $245,000 as follows:

a) $20,000 within seven days of the Company completing a going public transaction (paid).
b) $35,000 and 250,000 shares on the first anniversary of the agreement (paid).
c) $50,000 and 250,000 shares on the second anniversary.
d) $60,000 and 250,000 shares on the third anniversary.
e) $80,000 and 500,000 shares on the fourth anniversary.

The Company shall perform $300,000 in exploration on the mining claims over a period of three years from the date of the agreement.

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a NSR of 1%, of which a 0.5% NSR may be acquired upon payment of $1,000,000.

Under the vendors' prior agreement with Globex Mining Enterprises Inc. a total of 32 Disson mining claims are subject to a 1% Gross Metal Royalty.

Exploration and evaluation expenditures for the year ended January 31, 2012, amounted to $108,692 pursuant to Disson claims. A total of $92,500 were payments under the terms of the option agreement of which 250,000 common shares were issued at an estimated fair value of $0.15 per common share and $55,000 was paid in cash.

Launay Property

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in the Launay property consisting of 29 non-contiguous claims located 48 km northeast of Rouyn-Noranda, Quebec. Pursuant to the terms of the Launay Agreement, the Company issued 250,000 shares of its common stock issued at an estimated fair value of $0.05 per common share and paid $10,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 750,000 common shares and pay $90,000 as follows:

a) $15,000 due within seven days of the Company completing a going public transaction (paid).
b) $20,000 and 250,000 shares on the first anniversary of the agreement (paid).
c) $25,000 and 250,000 shares on the second anniversary.
d) $30,000 and 250,000 shares on the third anniversary.

The Company shall perform $250,000 in exploration on the mining claims over a period of three years from the date of the agreement.

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a NSR of 2%, of which a 1% NSR may be acquired upon payment of $1,000,000.

In late 2011 and early 2012, the Company staked an additional 27 claims covering 9.31 sq km adjoining the Launay property claim blocks.

Exploration and evaluation expenditures for the year ended January 31, 2012, amounted to $98,932 pursuant to Launay claims. A total of $72,500 were payments under the terms of the option agreement of which 250,000 common shares were issued at an estimated fair value of $0.15 per common share and $35,000 was paid in cash.

Quevillon Property

The Company entered into an agreement with arm's length parties dated December 7, 2010 to acquire a 100% interest in the Quevillon property consisting of 46 claims centered some 7 km southwest of Lebel-sur-Quevillon, Quebec. Pursuant to the terms of the agreement, the Company issued 50,000 shares of its common stock valued at $2,500 and paid $5,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 200,000 common shares and pay $45,000 as follows:

a) $5,000 due within seven days of the Company completing a going public transaction (paid).
b) $10,000 and 50,000 shares on the first anniversary of the agreement (paid).
c) $15,000 and 50,000 shares on the second anniversary.
d) $15,000 and 100,000 shares on the third anniversary.

The Company shall perform $50,000 in exploration on the mining claims over a period of two years from the date of the agreement.

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a NSR of 2%, of which a 1% NSR may be acquired upon payment of $1,000,000.

Exploration and evaluation expenditures for the year ended January 31, 2012, amounted to $22,500 pursuant to Quevillon claims. A total of $22,500 were payments under the terms of the option agreement of which 50,000

common shares were issued at an estimated fair value of $0.15 per common share and $15,000 was paid in cash.

Kipawa Property

The Company entered into an agreement with arm's length parties dated December 2, 2010, to acquire a 100% interest in the Kipawa property consisting of 45 claims located 38 km east of the town of Témiscaming, Quebec. Pursuant to the terms of the agreement, the Company issued 50,000 shares of its common stock to the vendors immediately upon signing the agreement valued at $2,500. The Company also agreed to pay $4,500 within seven days of the Company closing a going public transaction (paid).

Upon successful completion of all these obligations the Vendor shall transfer title to the claims to the Company. As at January 31, 2012, the Vendor had not yet transferred title to the claims to the Company.

Exploration and evaluation expenditures for the year ended January 31, 2012, amounted to $36,103 pursuant to Kipawa claims.

21M16 Property

The Company entered into an agreement with arm's length parties dated November 15, 2010, to acquire a 100% interest in 21M16 property consisting of 56 claims located in the province of Quebec. Pursuant to the terms of the agreement, the Company became obligated to issue 400,000 shares of its common stock and pay $10,000 to the vendors, of which 400,000 shares valued at $20,000 were issued and $5,000 cash was paid. The additional $5,000 will be issued six months after the signing of the agreement (paid).

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a NSR of 1%. As at January 31, 2012, the Vendor had not yet transferred title to the claims to the Company.

Exploration and evaluation expenditures for the year ended January 31, 2012, amounted to $5,477 pursuant to 21M16 claims of which $5,000 was a cash payment made under the terms of the option agreement.

Uranium 22B15 Property

The Company entered into an agreement with arm's length parties dated December 2, 2010, to acquire a 100% interest in Uranium 22B15 Property consisting of 293 claims located in the province of Quebec. Pursuant to the terms of the agreement, the Company issued 500,000 shares of its common stock to the vendors immediately upon signing the agreement, valued at $25,000.

On March 31, 2011, the Company terminated the Uranium 22B15 agreement and forfeited its option to acquire the claims. The Company received an additional 44 claims from the vendor for consideration of $1.00.

Exploration and evaluation expenditures for the year ended January 31, 2012 amounted to $29,751 pursuant to replacement claims.

5. CREDIT FACILITY

As at January 31, 2012, the Company had a secured line of credit of $150,000. The facility bears interest at the lender's prime rate plus 1.75%. Advances under the facility are payable in full upon demand. As at January 31, 2012, the Company had not drawn against the facility.

6. HST RECEIVABLE AND OTHER RECEIVABLES

The Company's HST and other receivables arise from harmonized services tax ("HST"), amounts due from government taxation authorities and royalties associated with Grasslands Entertainment Inc. previously produced television series.

Below is an aged analysis of the Company's trade and other receivables:

		January 31, 2012		January 31, 2011
Less than 1 year	**$**	**148,347**	$	15,437
Greater than 1 year		**39,965**		-
Total trade and other receivables	**$**	**188,312**	$	15,437

The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables.

7. PREPAID EXPENSES

		January 31, 2012		January 31, 2011
Advances to suppliers	**$**	**21,904**	$	-
Rent		**5,834**		-
Insurance		**8,046**		-
Total prepaid expenses	**$**	**35,784**	$	-

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, professional fees, amounts payable for financing activities and payroll liabilities.

The following is an aged analysis of the accounts payables:

		January 31, 2012		January 31, 2011
Less than 6 months	**$**	**441,467**	$	31,616
6 months to a year		**-**		15,093
Total accounts payable and accrued liabilities	**$**	**441,467**	$	46,709

9. SHARE CAPITAL

Share Issuances

On August 21, 2007, the Company issued 100 common shares for total consideration of $1.

On October 1, 2010, the Company issued 1,000,000 common shares to Foundation Opportunities Inc. ("FOI") for total consideration of $100.

On December 1, 2010, the Company issued 3,740,000 common shares to officers and directors at $0.05 per share for gross proceeds of $187,000.

Pursuant to obligations under various option agreements dated between October 19, 2010 and December 7, 2010 the Company issued a total of 2,500,000 common shares at a value of $0.05 per share for exploration properties.

On December 29, 2010, the Company completed a flow-through share private placement of 2,060,000 units at a price of $0.10 per unit, for gross proceeds of $206,000. Each unit consisted of one flow-through common share and one-half warrant. A whole warrant can be exercised to acquire one common share for 24 months from the date of completion of a going public transaction, for cash consideration of $0.20. The flow-through unit was not issued at a premium to the non flow-through unit; hence, a flow-through premium share liability was not recorded.

On December 29, 2010, the Company completed a non flow-through share private placement of 705,000 units at a price of $0.10 per unit, for gross proceeds of $70,500. Each unit consisted of one common share and one-half warrant. A whole warrant can be exercised to acquire one common share for a period of 24 months from the date of completion of a going public transaction, for cash consideration of $0.20.

On April 4, 2011, the Company completed a flow-through share private placement of 2,050,000 units at a price of $0.10 per unit, for gross proceeds of $205,000. Each unit consisted of one flow-through common share and one-half warrant. A whole warrant can be exercised to acquire one common share for a period of 24 months from the date of completion of a going public transaction, for cash consideration of $0.20. The flow-through unit was not issued at a premium to the non flow-through unit; hence, a flow-through premium share liability was not recorded.

On April 4, 2011, the Company completed a non flow-through share private placement of 2,000,000 units at a price of $0.10 per unit, for gross proceeds of $200,000. Each unit consisted of one common share and one-half warrant. A whole warrant can be exercised to acquire one common share for a period of 24 months from the date of completion of a going public transaction, for cash consideration of $0.20.

On May 1 2011, the Company converted $13,000 of payables into 130,000 common shares at a value of $0.10 per common share.

On September 28, 2011, the Company completed an interim financing of 2,237,667 units for gross proceeds of $350,650 comprised of a $60,000 flow-through unit financing (with each flow-through unit priced at $0.20 and comprised of one flow-through share and one-half of one warrant) and a $290,650 non flow-through unit financing (with each non flow-through unit priced at $0.15 and comprised of one common share and one-half of one warrant). Each warrant will be exercisable into one common share of the Company at an exercise price of $0.30 for a period of 24 months from the date upon which the Company completes a going public transaction, subject to acceleration in certain circumstances. The relative fair value of the flow-through premium on the units was determined to be $15,000.

In connection with the interim financing, Lakeside paid Foundation Markets Inc. a fee equal to 8% of the gross proceeds raised and compensation options equal to 8% of the number of units sold. Each compensation option will entitle the holder to purchase one non flow-through unit at a price of $0.15 per unit, exercisable for the period of 24 months from the completion of a going public transaction, subject to acceleration in certain circumstances. Details of the warrant valuation are disclosed in Note 10.

On December 20, 2011, the Company completed a financing of 7,535,500 units for gross proceeds of $1,752,400 comprised of a $1,226,500 flow-through unit financing (with each flow-through unit priced at $0.25 and comprised of one flow-through share and one-half of one warrant) and a $525,900 non flow-through unit financing (with each non flow-through unit priced at $0.20 and comprised of one common share and one-half of one warrant). Each warrant will be exercisable into one common share of the Company at an exercise price of $0.40 for a period of 24 months from the date upon which the Company completes a going public transaction, subject to acceleration in certain circumstances. The relative fair value of the flow-through premium on the units was determined to be $245,300.

In connection with the December 20, 2011, financing, Lakeside paid a fee equal to 8% of the gross proceeds raised and compensation warrants equal to 8% of the number of units sold. Each compensation option will entitle the holder to purchase one non flow-through unit at a price of $0.40 per unit, exercisable for the period of 24 months from the completion of a going public transaction, subject to acceleration in certain circumstances. Details of the warrant valuation are disclosed in Note 10.

10. RESERVE FOR WARRANTS

Warrant activity is summarized as follows:

	Number of warrants	Weighted Average remaining life (years)		Weighted Average exercise price
February 1, 2010	-	-	$	-
Issued	1,382,500	2.4	$	0.20
January 31, 2011	1,382,500	2.4	$	0.20
Issued	2,025,000	1.9		0.20
Issued	1,118,831	1.9		0.30
Issued	3,767,750	1.9		0.40
January 31, 2012	8,294,081	1.9	$	0.30

The expiry date is December 20, 2013 for all warrants.

During the year ended January 31, 2012, the Company issued 6,911,581 warrants and 781,853 broker warrants that had an estimated aggregate fair value of $445,424.

Issue date	December 29, 2010	April 4, 2011	August 12, 2011	September 28, 2011	December 20, 2011	Total
No. of warrants	1,382,500	2,025,000	637,000	481,831	3,767,750	8,294,081
Share price	$ 0.08	$ 0.08	$ 0.12	$ 0.12	$ 0.17	
Exercise price	$ 0.20	$ 0.20	$ 0.30	$ 0.30	$ 0.40	
Expected life in years	2.40	2.75	2.33	2.25	2.00	
Volatility	139%	113%	113%	113%	113%	
Risk-free interest rate	1.76%	2.19%	1.02%	0.97%	0.88%	
Dividend yield	-	-	-	-	-	
Fair value of warrants	$ 62,029	$ 79,726	$ 34,349	$ 25,329	246,022	$ 447,455

Expected volatility is based on comparable companies.

Broker warrants:

In connection with the September 28, 2011, interim financing, Lakeside paid a fee equal to 8% of the gross proceeds raised and compensation options equal to 8% of the number of units sold. Each compensation option will entitle the holder to purchase one non flow-through unit at a price of $0.15 per unit, exercisable for a period of 24 months from the completion of a going public transaction, subject to acceleration in certain circumstances.

The fair value of the 179,013 share purchase warrants was estimated at $9,560 using the Black-Scholes pricing model with the following assumptions: share price $0.11, dividend yield 0%; risk free interest 0.92%; volatility 113%, and an expected life of 2 years. Expected volatility is based on comparable companies. Broker warrants and related financings were not measured at the fair value of the services received as the fair value of such services was not reliably measurable.

In connection with the December 20, 2011 financing, Lakeside paid a fee equal to 8% of the gross proceeds raised and compensation options equal to 8% of the number of units sold. Each compensation option will entitle the holder to purchase one non-flow-through unit at a price of $0.20 per unit, exercisable for a period of 24 months from the completion of a going public transaction, subject to acceleration circumstances.

The fair value of the 602,840 share purchase warrants was estimated at $50,438 using the Black-Scholes pricing model with the following assumptions: share price $0.16, dividend yield 0%; risk free interest 0.88%; volatility 113%, and an expected life of 2 years. Expected volatility is based on comparable companies. Broker warrants and related financings were not measured at the fair value of the services received as the fair value of such services was not reliably measurable.

Warrant pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's warrants.

11. RESERVE FOR OPTIONS

The Company awards stock options to directors, management and employees of the Company. The compensation expense is recognized when options are issued if exercisable immediately otherwise over the vesting term.

On December 16, 2010, the Company granted an aggregate of 1,400,000 stock options exercisable immediately at a price of $0.20 per share at any time over a period of 5 years to directors of the Company.

On February 3, 2011, the Company granted an aggregate of 400,000 stock options exercisable immediately at a price of $0.20 per share at any time over a period of 5 years to a director and officer of the Company.

On March 23, 2011, the Company granted an aggregate of 300,000 stock options exercisable at a price of $0.20 per share over a period of 5 years to an officer of the Company of which 100,000 stock options are exercisable immediately. The remaining stock options vest in tranches of 50,000 every 6 months from the effective date.

On June 22, 2011, the Company granted 200,000 stock options exercisable immediately at a price of $0.40 per share at any time over 5 years to an officer of the Company.

On December 21, 2011, the Company granted 150,000 stock options exercisable immediately at a price of $0.40 per share at any time over 5 years to consultants of the Company.

Stock option activity is summarized as follows:

	Number of options	Weighted average life remaining (years)		Weighted average exercise price	Expiry Date
February 1, 2010	-	-	$	-	
Granted	1,400,000	4.9		0.20	December 16, 2015
January 31, 2011	1,400,000	4.9	$	0.20	
Granted	400,000	4.3		0.20	February 3, 2016
Granted	300,000	4.0		0.20	March 23, 2016
Granted	200,000	4.4		0.40	June 22, 2016
Granted	150,000	4.9		0.40	December 21, 2016
January 31, 2012	2,450,000	4.2	$	0.20	
Exercisable	2,300,000	4.2	$	0.20	

The estimated fair value of $72,497 of share based compensation during the year ended January 31, 2012, was determined using the Black-Scholes option pricing model with the following assumptions:

	2012	**2011**
Share price	$0.10	$0.08
Risk-free interest rate	2.09%	2.36%
Expected life of options	5 years	5 years
Expected volatility	135%	125%
Expected dividend yield	0%	0%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options. Expected volatility is based on comparable companies.

12. COMMITMENTS AND CONTINGENCIES

As part of its mineral property option agreements the Company has agreed to make certain payments of cash and shares in order to exercise its options on the various properties (note 4).

The Company is required to incur Canadian exploration expenses of $1,491,500 by December 31, 2012 in accordance with the terms of the flow-through private placements completed during the year ended January 31, 2012, of which approximately $315,000 has been spent by the year end date. The remaining Canadian exploration expenses required to be incurred as of May 28, 2012 was approximately $985,000.

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take

Under the terms of the various agreements for management and consulting services the Company is committed to payments as follows:

Years		Amounts
2013	$	229,000
2014		-
2015		-
Total	**$**	**229,000**

13. RELATED PARTY TRANSACTIONS

The Company and FOI entered into a financial advisory and consulting agreement on October 15, 2010. FOI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras is a director and each of Yannis Banks, and Jeremy Goldman, is an officer, director and shareholder. In consideration for services the Company agreed to pay a fee of $7,000 per month for a period of eighteen months, which are included in management, consulting fees and salaries. In addition, the Company agreed to pay a success fee of $75,000 upon the successful completion of a going public transaction. For the year ended January 31, 2012, the Company paid FOI $159,000 (2011 - $28,000) including a success fee of $75,000 for the completion of going public transaction. In addition, Foundation Markets Inc. ("FMI") a subsidiary of FFHC received a cash commission payment of $82,444 (2011 - $ nil) and 179,013 broker warrants valued at $9,560 for the placement of the Company's common shares, which are included in share capital and reserve for warrants respectively.

The Company and Cavalry Corporate Solutions Ltd ("Cavalry") entered into a management services agreement on November 1, 2010. The management services agreement includes the services of the Company's Chief Financial Officer ("CFO"). Cavalry is an entity in which FFHC is a shareholder. In consideration for services the Company agreed to pay $4,000 for the first three month period and $5,000 per month until January 31, 2012. For the twelve months ended January 31, 2012, the Company recorded $67,500 (2011 - $ nil) for management services provided by Cavalry. In addition, Cavalry provided $27,000 (2011 - $ nil) in additional consulting services in connection with the RTO and transition to IFRS.

During the year ended January 31, 2012, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras an officer of the Company is also a partner, provided $272,048 (2011 - $10,705) of legal services, which are included in professional fees. In addition, under the letter of agreement for the going public transaction the resulting issuer is responsible for up to $100,000 of legal fees incurred by Grasslands, FOI and FFHC with respect to the previous agreement between Grasslands and FOI. The Company settled amounts due to Fogler and has recorded $71,200 in relation to these past costs. At January 31, 2012, accounts payable and accrued liabilities include $227,542 due to Fogler.

The Company entered into a general consultancy agreement with Caracle Creek International Consulting Inc. ("CCIC") in which Scott Jobin-Bevans is a director and a significant, but not controlling, shareholder. Scott Jobin Bevans is a director of the Company. CCIC was engaged to provide a NI 43-101 report and field work on the Dufay mineral property. CCIC provided $173,893 of consulting services during the period, which was expensed in exploration and evaluation expenditures.

The Company entered into an agency agreement with MinePros Personnel Inc. ("MinePros") in which Scott Jobin-Bevans is a significant, but not controlling, shareholder. MinePros was engaged to provide search and referral services for the position of Vice President of Exploration. MinePros provided $26,000 of consulting services during the year ended January 31, 2012, which are included in management, consulting fees and salaries. On May 1 2011, MinePros converted $13,000 into 130,000 common shares of the Company at an ascribed price of $0.10 per common share.

During the year ended January 31, 2012, $220,168 ($nil – 2011) was paid to the Chief Executive Officer and Cavalry for Chief Financial Officer services. Included in this amount is $181,141 of salary and $39,027 in stock based compensation.

14. INCOME TAX

Provision for Income Taxes

No provision for income taxes was made in 2011 because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for Canadian income tax purposes of approximately $67,000 which expires in the year 2031.

The Company has not deducted Canadian exploration and development expenditures of $65,770 available for deduction against future Canadian taxable income.

	January 31, 2012	January 31, 2011
Loss before income taxes	$ (2,163,635)	$ (400,771)
Tax rate	28.08%	30.69%
Calculated income tax recovery	(607,548)	(122,997)
Quebec rebate receivable	(64,000)	-
Non deductible stock options and others	173,978	25,414
Change in rate and others	(201,663)	18,092
Change in deferred taxes not recognized	635,233	79,491
Income tax recovery	$ (64,000)	$ -

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	January 31, 2012	January 31, 2011
Future income tax assets		
Non-capital loss carry forwards	$ 401,554	$ 16,798
Share issue costs	82,311	-
Cumulative exploration expenses	230,297	62,693
	714,162	79,491
Less: Deferred taxes not recognized	(714,162)	(79,491)
	$ -	$ -

15. SEGMENTED INFORMATION

At January 31, 2012, the Company's operations comprise of a single reporting operating segment engaged in mineral exploration in Quebec.

16. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, reserves and accumulated deficit. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the exploration and development of 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 and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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;
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 feels there is sufficient potential and if it has adequate financial resources to do so.

As at January 31, 2012, the Company's capital consist of share capital, reserves for warrants, reserves for options and accumulated deficit in the amount of $752,445 (January 31, 2011 - $264,373).

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

17. RISK FACTORS

Fair value

The carrying amount of cash and cash equivalents, other receivables, and accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. As at January 31, 2012, all financial instruments measured at fair value are considered level 1, consisting of cash and cash equivalents.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with a reputable Canadian chartered bank. Other receivables are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and other receivables is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at January 31, 2012, the Company had a cash and cash equivalents balance of $1,230,116 (January 31, 2011 - $295,645) and current liabilities of $441,467 (January 31, 2011 - $46,709).

Commodity Price Risk

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 precious metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of January 31, 2012, the Company was not a producing entity. 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.

18. FIRST TIME ADOPTION OF IFRS

For all periods up to and including the year ended January 31, 2011, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The Company adopted IFRS for financial period commencing February 1, 2011, with a transition date of February 1, 2010. Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods beginning on or after February 1, 2010. This note explains the principal adjustments made by the Company in restating its previous financial statements as at January 31, 2011, which were prepared in accordance with Canadian GAAP.

IFRS 1 requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was February 1, 2010 (the "Transition Date"). IFRS requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company is January 31, 2012.

A summary of the impact and reconciliations of the transition from Canadian GAAP to IFRS at the date of the transition, February 1, 2010, as well as for the year ended January 31, 2011, are present herein.

The adoption to IFRS has resulted in significant changes to the reported financial position, results of operations, and statement of cash flows of the Company. The following reconciliations are prepared by the Company to reconcile to IFRS the assets, liabilities, equity, net loss and cash flows of the Company from those reported under Canadian GAAP:

The Company did not carry on commercial activities prior to February 1, 2010, and therefore a reconciliation of the transition date assets, liabilities and shareholders' equity to IFRS is not provided.

RECONCILIATION OF ASSETS, LIABILITIES, AND SHAREHOLDERS EQUITY

	As at January 31, 2011			
	GAAP	Effect of transition to IFRS	IFRS	Notes
ASSETS				
Current				
Cash and cash equivalents	$ 295,645		$ 295,645	
HST receivable and other receivables	15,437		15,437	
Total current assets	311,082		311,082	
Investments in exploration properties	250,770	(250,770)	-	(a)
Total assets	561,852		311,082	
LIABILITIES				
Current				
Account payable and accrued liabilities	$ 46,709		$ 46,709	
Total current liabilities	46,709		46,709	
Future tax liability	34,702	(34,702)	-	(b)
	81,411		46,709	
Shareholders' Equity				
Share capital	468,917	51,500	520,417	(b)
Warrants	62,029	(62,029)	-	
Contributed surplus	82,698	(82,698)	-	
Reserve for warrants	-	62,029	62,029	
Reserve for share based payments	-	82,698	82,698	
Deficit	(133,203)	(267,568)	(400,771)	(a),(b)
Total shareholders' equity	480,441		264,373	
Total liabilities and shareholders' equity	$ 561,852		$ 311,082	

RECONCILIATION OF LOSS AND COMPREHENSIVE LOSS

	Twelve months ended January 31, 2011			
	GAAP	Effect of transition To IFRS	IFRS	Notes
Expenses				
Professional fees	$ 20,269		$ 20,269	
Consulting fees	44,000		44,000	
Exploration and evaluation expenditures	-	250,770	250,770	(a)
Stock based payments	82,698		82,698	
Office and general	3,034		3,034	
Total expenses	150,001		400,771	
Loss before taxes	150,001		400,771	
Income tax recovery	(16,798)	16,798	-	(b)
Net loss and comprehensive loss	$ (133,203)	$ (267,568)	$ (400,771)	
Weighted average shares outstanding basic and diluted	1,781,840		1,781,840	
Loss per share basic and diluted	(0.075)		(0.225)	

RECONCILIATION OF CASH FLOWS

	Twelve months ended January 31, 2011			
	GAAP	Effect of transition to IFRS	IFRS	Notes
Operations				
Net loss	$ (133,203)	(267,568)	$ (400,771)	(a),(b)
Adjustments to reconcile net loss to cash flow from operating activities:				
Stock based compensation	82,698		82,698	
Future income tax recovery	(16,798)	16,798	-	(b)
Shares issued for optioned properties		125,000	125,000	
Changes in non-cash working capital items:				
Accounts receivable	(15,437)		(15,437)	
Accounts payable and accrued charges	46,709		46,709	
	(36,031)		(161,801)	
Investing				
Exploration properties	(125,770)	125,770	-	(b)
	(125,770)		-	
Financing				
Proceeds from common stock private placement	463,601		463,601	
Share issuance cost	(6,155)		(6,155)	
	457,446		457,446	
Net Increase in Cash and cash equivalents	295,645		295,645	
Cash and cash equivalents – Beginning of Year	-		-	
Cash and cash equivalents – End of Period	$ 295,645		$ 295,645	

Notes to Reconciliations:

a) Acquisition, exploration and evaluation expenditures

Under Canadian GAAP – Prior to February 1, 2011, the Company used the policy to defer the cost of mineral properties and their related exploration and development costs until the properties are placed into production, sold or abandoned. These costs would be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments were made at the sole discretion of the Company, were recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduced the cost of the related property and any excess over cost is applied to income.

Under IFRS – Acquisition, exploration and evaluation expenditures for each property are expensed as incurred, unless such costs are expected to be recovered through successful development of the property or, alternatively, by its sale.

b) Flow-through shares

Under Canadian GAAP transactions relating to the issuance of flow-through shares in accordance with previous Canadian GAAP was characterized by the following:

Gross proceeds from the issuance of flow-through shares were credited entirely to share capital (net of share issue costs).

A future income tax liability equal to the tax value of flow-through expenditures renounced was recognized at the time of renunciation of such expenditures (regardless of whether such renunciations were retrospective or prospective), with and offsetting debit to share issue costs. The recognition of such income tax liability was generally offset by the concurrent recognition of an offsetting future income tax asset in respect of tax assets not previously benefitted, with an offsetting credit to future income tax recovery.

Under IFRS transactions relating to the issuance of flow-through shares in accordance with IAS 12 (Income taxes) differs from previous Canadian GAAP as follow:

The portion of the gross proceeds from the issuance of flow-through shares that is attributable to an issuance price premium in excess of non-flow through shares is considered to be proceeds from the “sale” of the tax benefits of flow-through expenditures. At the time of issuance of such flow through shares, the proceeds from such sale is deferred and presented as liability on the Company’s balance sheet. Upon the Company’s fulfillment of its obligations associated with the renunciation of related flow-through expenditures, the deferred proceeds are taken into income.

The Company takes the initial recognition exemption on deferred taxes as it relates to flow-through shares.

19. SUBSEQUENT EVENTS

On March 14, 2012, the Company closed a non-brokered private placement of 1,713,079 units for gross proceeds of $222,700. The Company also issued 384,615 units priced at $0.13 to convert $50,000 worth of legal fees. Each unit, priced at $0.13, is comprised of one (1) common share and one (1) common share purchase warrant. Each warrant will entitle the holder to purchase an additional common share of the Company at a price of $0.20 for 24 months from the date of closing, subject to an acceleration clause.

The Company paid a finder's fee equal to 8% of the gross proceeds raised under the Offering and issued compensation options equal to 8% of the number of units sold under the Offering. Each compensation option is exercisable at a price of $0.13 into one common share of the Company and one warrant, exercisable at any time until 24 months from the date of closing.

On May 8, 2012, the Company announced that Lakeside Minerals Corp., a wholly-owned subsidiary of the Company, had entered into an agreement with Melkior Resources Inc. (TSX-V: MKR) (“Melkior”) to acquire twenty-one (21) mineral claims adjacent to Lakeside’s Launay property claim blocks located in Privat and Launay Townships, northwestern Quebec. Lakeside acquired a 100% interest in the mineral claims by issuing 750,000 common shares to Melkior and recognizing the continuance of third party net smelter royalties on the mineral claims.