

**GRASSLANDS ENTERTAINMENT INC.**

**NOTICE OF MEETING**

**And**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR**

**AN ANNUAL AND SPECIAL MEETING**

**OF SHAREHOLDERS OF**

**GRASSLANDS ENTERTAINMENT INC.**

**TO BE HELD OCTOBER 31, 2011**

September 29, 2011

*Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this information circular.*

**Grasslands Entertainment Inc.**  
**201, 619 - 11th Avenue SE**  
**Calgary, Alberta**  
**T2G 0Y8**  
**Telephone: (403) 290-0040**

September 29, 2011

To the shareholders of Grasslands Entertainment Inc.:

You are cordially invited to attend the annual and special meeting (the "**Meeting**") of shareholders of Grasslands Entertainment Inc. (the "**Corporation**"), which will be held at the offices of Fogler, Rubinoff LLP, 95 Wellington Street West, Suite 1200, TD Centre, Toronto, Ontario M5J 2Z9 on Monday October 31, 2011 at 2:00 p.m. (Toronto Time).

At the Meeting you will be asked to consider and vote upon the acquisition (the "**Acquisition**") by the Corporation of all of the issued and outstanding common shares of Lakeside Minerals Corp. ("**TargetCo.**" or "**Lakeside**"). This transaction is intended to be a Reverse Take-Over of the Corporation within the meaning of the policies of the TSX Venture Exchange Inc. (the "**TSXV**"). At the Meeting, you will be asked, among other things, to consider and vote upon the election of seven (7) directors to the board of directors of the Corporation (the "**Board of Directors**") if the Acquisition is approved, and four (4) directors to the Board of Directors, if the Acquisition is not approved.

In connection with the Acquisition, you will also be asked at the Meeting to approve a consolidation (the "**Share Consolidation**"), which will become effective prior to the completion of the Acquisition, of the Class A voting shares of the Corporation on a five (5) old shares for one (1) new share basis (a "**Consolidated Share**"). As consideration for the acquisition of all of the issued and outstanding common shares of TargetCo. (the "**TargetCo. Shares**"), the shareholders of TargetCo. will receive one (1) Consolidated Share for each TargetCo. Share. There are 16,422,767 TargetCo. Shares issued and outstanding as at the date hereof. The foregoing Consolidated Shares will be issued at an ascribed price of \$0.175 per Consolidated Share.

In addition, in connection with the Acquisition, you will be asked at the Meeting to approve a change in the name of the Corporation to "Lakeside Minerals Inc.", or such other name as may be determined by the Board of Directors, and to approve a continuance of the Corporation from the Province of Alberta to the Province of Ontario.

TargetCo. may also complete a financing (the "**RTO Financing**") of a minimum of \$1,700,000 and a maximum of \$5,000,000 worth of securities in the capital of TargetCo., in conjunction with the completion of the Acquisition to achieve the minimum listing requirements of the TSXV for a Mining Issuer, as described in Policy 2.1 of the Corporate Finance Manual of the TSXV.

TargetCo. is a corporation incorporated under the laws of the Province of Ontario, having its head office in Toronto, Ontario. TargetCo. is an early stage mining exploration company with interests in the Province of Quebec. Following completion of the Acquisition, the Corporation will carry on the business of TargetCo.

The Board of Directors has determined that the Acquisition is in the best interests of the Corporation and recommends that you vote to approve the Acquisition and the supporting transactions. The accompanying management information circular provides a detailed description of the Acquisition and the supporting transactions.

To be represented at the Meeting, you must either attend the Meeting in person or sign, date and send the enclosed form of proxy so as to be deposited with the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto) prior to the time set for the Meeting or any adjournment or postponement thereof.

Yours sincerely,

*"James Ripley"*

President and Chief Executive Officer

**GRASSLANDS ENTERTAINMENT INC.  
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of GRASSLANDS ENTERTAINMENT INC. (the "**Corporation**") will be held at the offices of Fogler, Rubinoff LLP, 95 Wellington Street West, Suite 1200, TD Centre, Toronto, Ontario M5J 2Z9 on Monday October 31, 2011 at 2:00 p.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements for the Corporation for the fiscal year ended June 30, 2010, report of the auditor and related management discussion and analysis thereon;
2. To re-appoint Collins Barrow Toronto, LLP, Chartered Accountants, as the auditor for the ensuing year and to authorize the directors to fix the auditor's remuneration;
3. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution (the "**Acquisition Resolution**"), the full text of which is set forth in Schedule "A" to the Information Circular and incorporated herein by reference, approving the acquisition of all of the issued and outstanding shares of Lakeside Minerals Corp. (the "**TargetCo. Shares**") whereby holders of the TargetCo. Shares will be entitled to receive one (1) Class A voting share of the Corporation for each TargetCo. Share (the "**Consideration Shares**");
4. if the Acquisition Resolution is passed, to consider and, if thought appropriate, pass, with or without variation, a special resolution (the "**Share Consolidation Resolution**"), the full text of which is set forth in Schedule "A" to the Information Circular and incorporated herein by reference, approving the consolidation of the Class A voting shares of the Corporation on a one (1) new share for every five (5) old shares (1:5) basis, such consolidation to occur prior to the issuance of the Consideration Shares;
5. if the Acquisition Resolution is passed, to consider and, if thought appropriate, pass, with or without variation, a special resolution (the "**Name Change Resolution**"), the full text of which is set forth in Schedule "A" to the Information Circular and incorporated herein by reference, approving the change of the name of the Corporation to "Lakeside Minerals Inc.";
6. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution (the "**Election of Directors Resolution**"), the full text of which is set forth in Schedule "A" to the Information Circular and incorporated herein by reference, (a) if the Acquisition Resolution is passed, to fix the Board of Directors at seven (7) members, to elect seven (7) directors to the Board of Directors and to permit the directors of the Corporation, in between annual general meetings, to appoint one or more additional directors of the Corporation, or (b) if the Acquisition Resolution is not passed, to elect four (4) directors to the Board of Directors, on the basis set out in the accompanying Information Circular under the heading "Particulars of Matters to be Acted Upon – Election of Directors", for the period beginning at the completion of the Meeting and ending at the conclusion of the next annual meeting of the Corporation or until a successor is elected or appointed;
7. if the Acquisition Resolution is passed, to consider and, if thought appropriate, to pass, with or without variation, a special resolution (the "**Continuance Resolution**"), the full text of which is set forth in Schedule "A" to the Information Circular and incorporated herein by reference, approving the continuance of the Corporation as an Ontario corporation under the provisions of the *Business Corporations Act* (Ontario), such continuance to occur prior to the issuance of the Consideration Shares;

8. if the Acquisition Resolution is passed, to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution (the "**Rolling Plan Resolution**"), the full text of which is set forth in Schedule "A" to the Information Circular and incorporated herein by reference, approving the replacement of the current fixed stock option plan of the Corporation with a "rolling" stock option plan, pursuant to which the maximum number of Common Shares reserved for issuance upon the exercise of options is equal to 10% of the issued Common Shares at the time of the stock option grant; and
9. to consider amendments to or variations of any matter identified in this Notice and to transact such further and other business as may properly come before the Meeting and any adjournment or postponement thereof.

The Acquisition Resolution referenced above is more particularly described in the Information Circular. The Information Circular provides further information respecting proxies and the matters to be considered at the Meeting and is deemed to form part of this Notice.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is September 28, 2011 (the "**Record Date**"). Shareholders whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited at the office of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not later than forty-eight (48) hours (Calgary time), excluding Saturdays, Sundays and holidays prior to the time of the Meeting or any adjournment thereof. Late instruments of proxy may be accepted or rejected by the Chairman of the Meeting in his discretion and the Chairman is under no obligation to accept or reject any particular late instruments of proxy.

DATED at Calgary, Alberta, this 29<sup>th</sup> day of September, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS**

"James Ripley"

James Ripley

President and Chief Executive Officer

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## **MANAGEMENT INFORMATION CIRCULAR OF GRASSLANDS ENTERTAINMENT INC.**

Unless otherwise stated herein, all capitalized terms herein shall have the meaning set forth in the Glossary of Terms.

No person is authorized to give any information or to make any representation on behalf of the Corporation not contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Information Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation.

TargetCo., FOI and FFHC have provided the information contained in this Information Circular concerning TargetCo., FOI and FFHC, respectively, and related shareholding and financial information. The Board of Directors of the Corporation has relied upon this information in the preparation of this Information Circular. The Corporation assumes no responsibility for the accuracy or completeness of such information, or for any omission on the part of TargetCo., FOI and FFHC to disclose facts or events which may affect the accuracy of any such information.

Information in this Information Circular is given as at September 29, 2011, except as otherwise indicated.

### **FORWARD-LOOKING STATEMENTS**

This Information Circular contains forward-looking statements. All statements other than statements of historical fact contained in this Information Circular are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, budgets, projected costs and plans and objectives of or involving the Corporation, TargetCo. or the Resulting Issuer. Shareholders can identify many of these statements by looking for words such as "believe", "expects", "will", "may", "might", "could" "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Information Circular. Although the Corporation believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Accordingly, readers should not place undue reliance on forward-looking statements. Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: the impact of general economic conditions, industry conditions, governmental regulation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources and the risk that actual results will vary from the results forecasted and such variations may be material.

The information contained in this Information Circular identifies additional factors that could affect the operating results and performance of the Corporation, TargetCo. and the Resulting Issuer. We urge you to carefully consider those factors.

The forward-looking statements contained in this Information Circular are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Information Circular are made as of the date of this Information Circular, and neither the Corporation nor TargetCo.

undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

### **CURRENCY**

Unless otherwise specified, all dollar (\$) amounts in this Information Circular are expressed in Canadian dollars.

### **CONVERSION TABLE AND TECHNICAL ABBREVIATIONS**

Conversion factors utilized in this Information Circular include:

- 1 troy ounce/ton = 34.285714 grams/tonne
- 1 gram/tonne = 0.029167 troy ounces/ton
- 1 troy ounce = 31.103477 grams
- 1 gram = 0.032151 troy ounces

Common abbreviations utilized in this Information Circular include: m = metres, km = kilometres, ha = hectares, g=gram, kg = kilogram, t = tonne, oz = troy ounce, M = mega/million, Cu = copper, a = years, Au = gold.

## GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations used frequently throughout this Information Circular.

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**Acquisition**" means the acquisition of all of the issued and outstanding TargetCo. Shares in exchange for the Consideration Shares pursuant to the terms of the Amalgamation Agreement.

"**Acquisition Resolution**" means an ordinary resolution of the Shareholders, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Acquisition Resolution", pursuant to which, if passed, the Shareholders would approve the Acquisition.

"**Affiliate**" means a Company that is affiliated with another Company as described below.

A Company is an "Affiliate" of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

"**Agency Agreement**" means the agency agreement to be entered into between TargetCo. and the Agents in connection with the RTO Financing reflecting the terms of the engagement letter between such parties dated September 27, 2011.

"**Agents**" means, collectively, Foundation Markets Inc. and Union Securities Ltd.

"**Amalco**" means the company to be formed by the amalgamation of TargetCo. and Subco, to be named Lakeside Minerals Corp. or such other name as may be selected by the Board of Directors.

"**Amalgamation**" means the amalgamation of TargetCo. and Subco in accordance with the OBCA.

"**Amalgamation Agreement**" means the amalgamation agreement dated as of September 28, 2011 among the Corporation, TargetCo. and Subco, pursuant to which, among other things, the Corporation will indirectly acquire TargetCo. through the amalgamation of TargetCo. and Subco, with the

amalgamated entity, Amalco, being a wholly-owned subsidiary of the Corporation upon completion of the Amalgamation.

"**Associate**" when used to indicate a relationship with a Person, means

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- (d) in the case of a Person, who is an individual:
  - (i.) that Person's spouse or child, or
  - (ii.) any relative of the Person or of his spouse who has the same residence as that Person;

but

- (e) where the TSXV determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member (as such term is defined in the TSXV Manual) firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

"**Board of Directors**" or "**Board**" means the board of directors of the Corporation.

"**Business Day**" means a day, other than Saturdays, Sundays and statutory holidays, when the banks conducting business in the City of Toronto are generally open for the transaction of banking business.

"**Canadian GAAP**" means Canadian generally accepted accounting principles.

"**CCIC**" means Caracle Creek International Consulting Inc.

"**Closing of the Acquisition**" means the closing of the Acquisition.

"**Closing Date**" means the date of Closing of the Acquisition.

"**Common Shares**" means the Class A voting shares of the Corporation (or, when in reference to the Resulting Issuer, the Class A voting shares of the Resulting Issuer on a post-consolidation basis).

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Consideration Shares**" means an aggregate number of Consolidated Shares that is equal to 100% of the TargetCo. Shares as at the Closing Date, currently in the amount of 16,422,767, to be issued to TargetCo. Shareholders in return for the TargetCo. Shares. For greater certainty, the aggregate number of

Consideration Shares shall be increased by the number of TargetCo. Shares issued pursuant to the RTO Financing.

**"Consolidated Shares"** means Common Shares after giving effect to the Share Consolidation.

**"Continuance under the OBCA"** or **"Continuance"** means the continuance of the Corporation into the Province of Ontario pursuant to the OBCA.

**"Continuance Resolution"** means a special resolution, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Continuance Resolution", approving the Continuance under the OBCA.

**"Control Person"** means any Person that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not affect materially the control of the issuer.

**"Corporation"** or **"Grasslands"** means Grasslands Entertainment Inc., a company existing under the laws of the Province of Alberta.

**"Dufay Property"** means 53 contiguous unpatented mining claims covering 2,763 hectares located in the northwest area of Dufay Township, Quebec.

**"Dufay Report"** means the independent technical report on the Dufay Property dated April 12, 2011, amended and restated as of September 12, 2011, prepared in compliance with NI 43-101 by Jenna McKenzie, Hon.B.Sc., P.Geo., Mary Kearney, M.Sc., P.Geo. and Julie Palich, M.Sc., P.Geo., as the responsible "qualified persons" under NI 43-101, and reviewed and signed off by an independent "qualified person", Mr. Felix Lee of ACA Howe International Limited.

**"Election of Directors Resolution"** means an ordinary resolution of the Shareholders, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Election of Directors Resolution", (a) if the Acquisition Resolution is passed, to fix the Board of Directors at seven (7) members, to elect seven (7) directors to the Board of Directors and to permit the directors of the Corporation, in between annual general meetings, to appoint one or more additional directors of the Corporation, or (b) if the Acquisition Resolution is not passed, to elect four (4) directors to the Board of Directors, for the period beginning at the completion of the Meeting and ending at the conclusion of the next annual general meeting of the Corporation or until his successor is elected or appointed.

**"FFHC"** means Foundation Financial Holdings Corp.

**"FOI"** means Foundation Opportunities Inc.

**"Foundation Group"** means FFHC, FOI, Foundation Markets Inc. and any other subsidiary of FFHC.

**"Information Circular"** means this management information circular, including all schedules hereto.

**"Informed Person"** means:

- (a) a director or executive officer of the Corporation;

- (b) a director or executive officer of a person or company that it itself an informed person or subsidiary of a reporting issuer;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) a corporation that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

**"Insider"** if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

**"Lakeside Mineral Claims"** means the mineral claims held or under option agreements by Lakeside that includes the following properties: Dufay, Disson, Launay, Quevillon, Kipawa, Lac Evain, 391, Kinojevis, and 21M16, all located in Quebec.

**"Letter Agreement"** means the letter agreement dated January 20, 2011 between the Corporation, TargetCo. and FFHC, as amended and restated by letter agreements dated as of May 31, 2011 and as of September 28, 2011 among the Corporation, TargetCo. and FFHC, which sets out, among other things, the proposal regarding the Acquisition and the Supporting Transactions.

**"Maximum RTO Financing"** means the maximum offering under the RTO Financing for gross proceeds of \$5,000,000 (a maximum of \$1,500,000 in flow-through and a maximum of \$3,500,000 in non flow-through TargetCo. Units) TargetCo. shall have the option to increase the number of non flow-through TargetCo. Units and decrease the number of flow-through TargetCo. Units.

**"Meeting"** means the annual and special meeting of the Shareholders and any adjournment or postponement thereof, called to consider, among other things, the Acquisition.

**"Minimum RTO Financing"** means the minimum offering under the RTO Financing for gross proceeds of \$1,700,000 (a maximum of \$700,000 in flow-through TargetCo. Units). TargetCo. shall have the option to increase the number of non flow-through TargetCo. Units and decrease the number of flow-through TargetCo. Units.

**"Name Change"** means the change of the name of the Corporation to "Lakeside Minerals Inc." or such other name as may be selected by the Board of Directors.

**"Name Change Resolution"** means a special resolution, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Name Change Resolution", approving the Name Change.

**"Named Executive Officers"** or **"NEO"** has the meaning ascribed thereto in this Information Circular under the heading "Information Concerning Grasslands Entertainment Inc. – Executive Compensation".

**"NI 43-101"** means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* adopted by the Canadian Securities Administrators, as amended from time to time.

**"Non-Arm's Length Party"** means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

**"NSR"** means Net Smelter Return.

**"OBCA"** means the *Business Corporations Act* (Ontario), as amended and any legislation enacted in substitution therefor.

**"Person"** or **"person"** means a Company or an individual.

**"Record Date"** means September 28, 2011.

**"Resulting Issuer"** means the issuer existing on the Closing of the Acquisition, formerly referred to as the Corporation.

**"Reverse Take Over"** has the meaning given to such term in the TSXV Policy.

**"Rolling Plan"** means the 10% rolling stock option plan of the Corporation to be approved at the Meeting, as described under "Particulars of Matters to be Acted Upon – Approval of 10% Rolling Stock Option Plan", which will replace the current Stock Option Plan upon completion of the Acquisition.

**"Rolling Plan Resolution"** means an ordinary resolution, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Rolling Plan Resolution", approving the implementation of the Rolling Plan.

**"RTO Financing"** means the potential offering of units of TargetCo., to be completed in conjunction with the completion of the Acquisition, for gross proceeds of a minimum of \$1,700,000 (maximum of \$700,000 in flow-through TargetCo. Units) and a maximum of \$5,000,000 (a maximum of \$1,500,000 in flow-through and a maximum of \$3,500,000 in non flow-through TargetCo. Units), to achieve the minimum listing requirements of the TSXV for a Mining Issuer, as described in Policy 2.1 of the TSXV Manual. TargetCo. has the option to increase the number of non flow-through TargetCo. Units and decrease the number of flow-through TargetCo. Units.

**"Share Consolidation"** means the consolidation of the Common Shares on a one (1) new share for every five (5) old shares (1:5) basis, such consolidation to occur prior to the Acquisition and the issuance of the Consideration Shares.

**"Share Consolidation Resolution"** means a special resolution, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Share Consolidation Resolution", approving the Share Consolidation.

**"Shareholders"** means the holders of Common Shares.

**"Stock Option Plan"** means the current stock option plan of the Corporation, as described under "Information Concerning The Corporation – Stock Option Plan", which will be replaced by the Rolling Plan upon completion of the Acquisition.

**"Subco"** means 2299990 Ontario Limited, a company existing under the laws of the Province of Ontario.

**"Supporting Transactions"** means the Share Consolidation, the Name Change and the Continuance.

**"Supporting Transactions Resolutions"** means the Share Consolidation Resolution, the Name Change Resolution and the Continuance Resolution.

**"Transfer Agent"** means Computershare Trust Company of Canada, the Registrar and Transfer Agent of the Corporation.

**"TargetCo." or "Lakeside"** means Lakeside Minerals Corp., a company existing under the laws of the Province of Ontario.

**"TargetCo. Compensation Options"** means all of the issued and outstanding compensation options of TargetCo., currently 179,013 outstanding compensation options of TargetCo. to acquire, at an exercise price of \$0.15, an equivalent number of TargetCo. Shares and 89,507 TargetCo. Warrants (with each such warrant entitling the holder to purchase one TargetCo. Share at an exercise price of \$0.30) expiring on the earlier of 60 months from the date of issue or 24 months from the date of completion of a going public transaction, subject to acceleration in certain circumstances, and for greater certainty will include the TargetCo. Compensation Options issued upon the closing of the RTO Financing.

**"TargetCo. Options"** means all of the issued and outstanding options of TargetCo., currently 2,300,000 outstanding options of TargetCo. to acquire an equivalent number of TargetCo. Shares for five years from the date of issue at an exercise price of (a) as to 2,100,000 options, \$0.20 and (b) as to 200,000 options, \$0.40 and for greater certainty will include another 150,000 option issued to consultants upon closing of the Acquisition resulting in 2,450,000 outstanding options.

**"TargetCo. Shares"** means all of the issued and outstanding shares of TargetCo., and for greater certainty will include the TargetCo. Shares issued upon the closing of the RTO Financing.

**"TargetCo. Shareholders"** means the holders of the TargetCo. Shares.

**"TargetCo. Warrants"** means all of the issued and outstanding common share purchase warrants of TargetCo., currently 4,526,333 outstanding warrants of TargetCo. to acquire an equivalent number of TargetCo. Shares at an exercise price of (a) as to 1,382,500 warrants, \$0.20 expiring on the earlier of December 29, 2015 or 24 months from the date of completion of a going public transaction, (b) as to 2,025,000 warrants, \$0.20 expiring on the earlier of April 4, 2016 or 24 months from the date of completion of a going public transaction, (c) as to 637,000 warrants, \$0.30 expiring on the earlier of August 12, 2016 or 24 months from the date of completion of a going public transaction, subject to acceleration in certain circumstances and (d) as to 481,833 warrants, \$0.30 expiring on the earlier of



September 28, 2016 or 24 months from the date of completion of a going public transaction, subject to acceleration in certain circumstances.

"**TSXV**" means TSX Venture Exchange Inc.

"**TSXV Manual**" means the Corporate Finance Manual of the TSXV.

"**TSXV Policy**" means "Policy 5.2 - Changes of Business and Reverse Take-Overs" of the TSXV.

## SUMMARY OF INFORMATION CIRCULAR

*The following is a summary of information relating to the Corporation, TargetCo. and the Resulting Issuer (assuming completion of the Acquisition and Supporting Transactions) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular and in the Schedules and Appendices hereto.*

Reference is made to the Glossary of Terms for the definitions of certain abbreviations and terms used in this Information Circular and in this Summary.

### **Date, Time and Place of Meeting**

The Meeting will be held at the offices of Fogler, Rubinoff LLP, 95 Wellington Street West, Suite 1200, TD Centre, Toronto, Ontario M5J 2Z9 on Monday October 31, 2011 at 2:00 p.m. (Toronto Time).

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to (i) re-appoint the auditor for the ensuing year and to authorize the directors to fix the auditor's remuneration; (ii) pass the Acquisition Resolution; (iii) if the Acquisition Resolution is passed, pass the Share Consolidation Resolution; (iv) if the Acquisition Resolution is passed, pass the Name Change Resolution; (v) pass the Election of Directors Resolution; (vi) if the Acquisition Resolution is passed, pass the Continuance Resolution; and (vii) if the Acquisition Resolution is passed, pass the Rolling Plan Resolution.

In order for the Acquisition to be implemented, the Acquisition Resolution and the Election of Directors Resolution must be passed by a majority of the votes cast at the Meeting by Shareholders and the Share Consolidation Resolution, the Name Change Resolution and the Continuance Resolution must be passed by two-thirds (2/3) of the votes cast at the Meeting by Shareholders.

### **Meeting Record Date**

The Corporation has fixed September 28, 2011 as the record date for determining the Shareholders entitled to receive notice of and vote at the Meeting.

### **Manner of Voting**

In order for the vote of Shareholders to be taken into account, Shareholders should execute and return forms of proxy and/or, in the case of individuals, attend the Meeting in order to vote.

### **The Acquisition**

Pursuant to the Amalgamation Agreement and subject to the receipt of all required regulatory and shareholder approvals, subsequent to the consolidation of the Class A voting shares of the Corporation on a five (5) old shares for one (1) new share basis, TargetCo. and Subco will amalgamate and in connection therewith the Corporation will acquire the TargetCo. Shares and the TargetCo. Shareholders will receive 16,422,767 Consideration Shares (issued on a post-consolidated basis). The proposed Acquisition constitutes a Reverse Take Over under the TSXV Policy and will result in the TargetCo. Shareholders owning approximately 82.85% of the issued and outstanding Common Shares (without giving effect to the RTO Financing). The Consideration Shares will be issued at an ascribed price of \$0.175 per Consideration Share.

In connection with the completion of the Acquisition, the Corporation has agreed to effect the Share Consolidation, the Name Change and the Continuance.

Further, in connection with the Acquisition, the Corporation has agreed to a change in the management of the Corporation. At the Meeting, if the Acquisition Resolution is passed, the Shareholders will be asked to elect the following seven (7) directors to the Board of Directors:

Jeremy Goldman  
Yannis Banks  
Richard Cleath  
Jean-Francois Pelland  
Andres Tinajero  
Jean Pierre Chauvin  
Scott Jobin-Bevans.

At the Meeting, if the Acquisition Resolution is not passed, the Shareholders will be asked to elect the current four (4) directors to the Board of Directors:

James W. Ripley  
Ned Studer  
Mendel Ekstein  
Gerald Goldberg

The Acquisition is not a Related Party Transaction, as such term is defined under Policy 5.9 of the TSXV Manual.

See "Information Concerning the Acquisition and Supporting Transactions".

### **RTO Financing**

In conjunction with the completion of the RTO, TargetCo. may complete the RTO Financing in order to achieve, among other things, the minimum listing requirements of the TSXV for a Mining Issuer, as defined in the TSXV Manual. The units issued pursuant to the RTO Financing will have an issue price of (a) \$0.25 per unit for flow through TargetCo. Shares and (b) \$0.20 per unit for non-flow through TargetCo. Shares and will be comprised of one (1) TargetCo. Share and one-half (½) of one common share purchase warrant in the capital of TargetCo., with each whole warrant having an exercise price of \$0.40, subject to an acceleration clause whereby after TargetCo. completes a going public transaction and the TargetCo. Shares trade at a price of CAD \$0.80 or higher for a minimum of 20 consecutive trading days, TargetCo. may elect to accelerate the exercise period of the TargetCo. Warrants whereupon on the 30th day after TargetCo. announces such intention to accelerate, any TargetCo. Warrant that has not been exercised will expire.

### **Grasslands Entertainment Inc.**

The Corporation is a corporation amalgamated under the ABCA, the principal business of which was creating, producing and marketing targeted television programming content through distinct business units for the cable specialty market.

The Common Shares are listed for trading on the TSXV under the symbol "GEE". The market price of the Common Shares on May 22, 2009, the last day the Common Shares traded prior to the announcement of the Acquisition was \$0.03, at which date the trading of the Common Shares on the TSXV was halted, and the market price of the Common Shares as at the date immediately preceding the date of this Information Circular was \$0.03. The trading of the Common Shares on the TSXV remains halted as of the date of this Information Circular.

See "Information Concerning the Corporation".

### **Lakeside Minerals Corp.**

TargetCo. is a corporation incorporated under the OBCA on August 21, 2007, having its head office in Toronto, Ontario. TargetCo. is an early stage mining exploration company with interests in the Province of Quebec.

See "Information Concerning TargetCo."

### **Business of the Resulting Issuer After Closing**

After the completion of the Acquisition, the Resulting Issuer intends to operate as a Mining Issuer and will carry on the business of TargetCo.

See "Information Concerning the Resulting Issuer".

### **Implementation of the Acquisition**

If the Acquisition Resolution is approved at the Meeting and the applicable conditions to completion of the Acquisition have been satisfied, including receipt of certain regulatory approvals, the following, among other things, will take place:

- (a) Articles of Amendment will be filed to effect the Share Consolidation and the Name Change;
- (b) Articles of Continuance will be filed to effect the Continuance under the OBCA;
- (c) the Board of Directors will consist of seven (7) persons: Jeremy Goldman, Yannis Banks, Richard Cleath, Jean-Francois Pelland, Andres Tinajero, Jean Pierre Chauvin and Scott Jobin-Bevans; and
- (d) Articles of Amalgamation will be filed to effect the Amalgamation of TargetCo. and Subco under the OBCA, and in connection therewith the TargetCo. Shareholders will receive the Consideration Shares.

### **Available Funds After Closing**

The estimated working capital available to the Resulting Issuer upon Closing of the Acquisition will be as set out in the table below, taking into account the completion of the RTO Financing (and after deducting costs associated with the Closing of the Acquisition and the RTO Financing). The Corporation and TargetCo. believe that the Resulting Issuer's working capital available to fund ongoing operations upon completion of the RTO Financing will be sufficient to meet its obligations, as currently contemplated, for a minimum of 12 months.

	Available Funds (assuming completion of the Minimum RTO Financing)	Available Funds (assuming completion of the Maximum RTO Financing)
Estimated consolidated working capital (deficiency) of the Corporation and TargetCo. as at September 28, 2011	\$103,000	\$103,000
Gross Funds raised assuming completion of the RTO Financing	\$1,700,000	\$5,000,000
Estimated closing costs of the RTO Financing and the Closing of the Acquisition	(\$426,000) <sup>(1)</sup>	(\$690,000) <sup>(1)</sup>
<b>Available Funds</b>	<b>\$1,377,000</b>	<b>\$4,413,000</b>

## Notes:

(1) Adam Szweras, a proposed officer of the Resulting Issuer, is a partner at Fogler, Rubinoff LLP, legal counsel to TargetCo., which is to receive legal fees in connection with the Closing of the Acquisition. FOI is to receive a success fee of \$75,000 upon the Closing of the Acquisition pursuant to its October 15, 2010 financial advisory and consulting agreement with TargetCo. The directors of Grasslands are to receive aggregate directors fees of \$40,000 upon the Closing of the Acquisition. Foundation Markets Inc., one of the Agents for the RTO Financing, will receive a cash fee equal to 8% of the gross proceeds raised by it in connection with the RTO Financing. Foundation Markets Inc. has sought a waiver from the TSXV in order to be eligible to receive this cash fee of 8%.

### Principal Purposes of Funds

The following table sets out the estimated principal uses of available funds over the 12 months following the Closing of the Acquisition and the RTO Financing.

Expenditure	Estimated Budgeted Expenditure (assuming completion of the Minimum RTO Financing) <sup>(1)</sup>	Estimated Budgeted Expenditure (assuming completion of the Maximum RTO Financing) <sup>(1)</sup>
Forecasted Exploration Cost	\$512,375	\$512,375
Contracted Property Payments	\$115,000	\$115,000
General and Administrative	\$640,404	\$640,404
Unallocated Working Capital <sup>(2)</sup>	\$109,221	\$3,145,221
<b>Total:</b>	<b>\$1,377,000</b>	<b>\$4,416,000</b>

## Notes:

- (1) After deducting estimated closing costs relating to the Closing of the Acquisition and the RTO Financing in the amount of 426,000 to \$690,000.
- (2) It is intended that unallocated working capital will be used for general working capital purposes.

The above uses of available funds should be considered as estimates only. Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

### Recommendation of the Board of Directors

The Board of Directors has reviewed the terms and conditions of the Acquisition as set forth in the Amalgamation Agreement and has concluded that the Acquisition is in the best interests of the Corporation and the Shareholders.

The Board of Directors recommends that Shareholders vote in favour of the Acquisition Resolution and the Supporting Transactions Resolutions.

In reaching its determination to recommend approval of the Acquisition, the Board of Directors considered a number of factors, including the following:

- (a) information concerning the financial condition, results of operations, business, plans and prospects of the Corporation, TargetCo. and the Resulting Issuer and the resulting potential for enhanced business efficiency, management effectiveness and financial results of the Corporation and TargetCo. on a combined basis;
- (b) that the Acquisition may facilitate further access to public capital for the Resulting Issuer;
- (c) the current difficulties in raising funds for media companies and, as a result, the Corporation's lack of opportunities in its current business.

### **Conditions to the Acquisition**

The Acquisition will not be implemented unless the following conditions are satisfied, among others:

- (a) each of the Corporation and TargetCo. must have received the respective director and shareholder approvals;
- (b) the Corporation will have received all necessary regulatory approvals, including the approval of the TSXV;
- (c) no adverse material change in the business affairs, financial condition or operations of the Corporation or TargetCo. shall have occurred between the date of the latest available financial statements and the Closing of the Acquisition; and
- (d) TargetCo. shall be the beneficial owner of the option agreements to the mineral claims comprising the Lakeside Mineral Claims.

See "Information Concerning the Acquisition and the Supporting Transactions – Conditions Related to Completion of the Acquisition".

### **Selected Pro Forma Combined Financial Information for the Resulting Issuer**

The following tables present selected unaudited pro forma combined financial information for the Resulting Issuer in respect of the periods indicated, after giving effect to the Acquisition. These tables should be read in conjunction with the pro forma combined financial statements of the Corporation and the notes thereto of Collins Barrow Toronto LLP, Chartered Accountants, with respect thereto set forth in Schedule "J" to this Information Circular. The pro forma combined financial information is based on TargetCo.'s unaudited interim financial statements for the three month period ended April 30, 2011. No adjustments have been made to align the reporting periods of the Corporation and TargetCo.

These tables contain financial information derived from financial statements that have been prepared in accordance with Canadian GAAP. The pro forma financial information is provided for informational purposes only and does not purport to be indicative of results of operations of the Resulting Issuer following completion of the Acquisition as of any future date or for any future period.

*Balance Sheet:*

	<u>The Corporation</u>	<u>TargetCo.</u>	<u>Pro Forma Adjustments</u>	<u>Pro-Forma Consolidated</u>
	<b>As at March 31, 2011</b>	<b>As at April 30, 2011</b>		
<b>Balance Sheet Information</b>				
Current assets	120,031	492,759	1,596,598	2,209,388
Total Assets	196,250	847,550	1,596,598	2,640,398
Current Liabilities	15,200	145,664	(13,000)	147,864
Total liabilities	15,200	180,366	(13,000)	182,566
Shareholders Equity	<b>181,050</b>	<b>667,184</b>	-	<b>2,457,832</b>

**Selected Financial Information for the Corporation**

The following table presents selected financial information for the Corporation for the periods indicated. This table should be read in conjunction with the audited consolidated financial statements of the Corporation for the years ended June 30, 2009 and 2010, and the unaudited interim financial statements of the Corporation for the three and nine month periods ended March 31, 2011 and the respective notes thereto set forth in Schedule "F" to this Information Circular and the Corporation's Management's Discussion and Analysis set forth in Schedule "G" to this Information Circular. This table contains financial information derived from financial statements that have been prepared in accordance with Canadian GAAP.

	Nine Months ended March 31, (unaudited)		Year ended June 30		
	2011	2010	2010	2009	2008
	(in dollars, except per share amounts)				
Statement of Operations Information					
Revenue	12,493	22,348	18,894	113,867	741,038
Expenses	44,034	141,615	315,679	387,997	1,009,548
Loss before income taxes and other expenses	(31,541)	(119,267)	(285,048)	(262,184)	(268,510)
Net loss	(31,541)	(179,767)	(285,048)	(262,184)	(268,510)
Loss from continuing operations per common share	(0.00)	(0.01)	(0.02)	(0.02)	(0.02)
Weighted number of shares outstanding	16,997,696	16,997,696	16,997,696	14,968,489	12,570,336

	As at March 31, (unaudited)		Year ended June 30		
	2011	2010	2010	2009	2008
	(in dollars)				
Balance Sheet Information					
Total assets	196,250	378,372	275,601	581,642	630,620
Total liabilities	15,200	60,500	63,010	84,003	23,354
Shareholders' equity	181,050	317,872	212,591	497,639	607,266

### Selected Financial Information for TargetCo.

The following table presents selected financial information for TargetCo. for the periods indicated. This table should be read in conjunction with the unaudited interim financial statements of TargetCo. for the three months ended April 30, 2011 and the respective notes thereto set forth in Schedule "H" to this Information Circular and TargetCo.'s Management's Discussion and Analysis set forth in Schedule "I" to this Information Circular. This table contains financial information derived from financial statements that have been prepared in accordance with Canadian GAAP.

	Period ended April 30, 2011
	(in dollars, except per share amounts)
Total revenues	Nil
Total expenses	(224,817)
Net loss for the period	(224,817)
Basic and diluted loss per share	(0.02)
Weighted number of shares outstanding	11,339,759



	<u>As at April 30, 2011</u>
	(in dollars)
Balance Sheet Information	
Total assets	847,550
Total liabilities	180,366
Shareholders' equity	667,184

### **Interest of Certain Persons in Matters to be Acted Upon**

Other than as described herein, management of the Corporation and TargetCo. are not aware of any material interest, direct or indirect, in any matter to be acted upon at the Meeting, other than the election of directors, by way of beneficial ownership of securities or otherwise, of any director or executive officer of the Corporation or TargetCo. who has held that position at any time since the beginning of the Corporation's or TargetCo. last financial year or during any period thereafter, each proposed nominee for election as director of the Corporation or TargetCo. and each associate or affiliate of any of the foregoing.

Messrs. Goldman, Banks and Szweras, who are proposed for election and/or appointment as directors and/or officers of the Resulting Issuer, are principals, officers and/or directors of:

1. TargetCo.;
2. FFHC, the direct or indirect holder of all the issued and outstanding shares of FOI and Foundation Markets Inc.;
3. FOI, a wholly owned subsidiary of FFHC, that (i) currently owns an interest in TargetCo. and will, after Closing of the Acquisition, hold an interest in the Resulting Issuer (without taking into effect the RTO Financing); and (ii) currently provides financial advisory and consulting services to TargetCo. and will, after Closing of the Acquisition, provide such services to the Resulting Issuer. See "Information Concerning the Resulting Issuer – Conflicts of Interest"; and
4. Foundation Markets Inc., a private investment bank which will act as co-lead Agent on the RTO Financing and has acted and may act as agent or provide other services to TargetCo., the Corporation and the Resulting Issuer.

If the Acquisition is completed (without giving effect to the RTO Financing), FFHC and its Affiliates, Associates and Control Persons, through its subsidiaries FOI and Foundation Markets Inc., will own 16.89% of the outstanding Common Shares of the Resulting Issuer.

Mr. Banks is an officer and director of Caldera and the Vice-President, Commercial Development of EnerAsia, both of which are companies the Corporation has invested in.

FFHC and its Affiliates, Associates and Control Persons currently hold Common Shares or other securities of the Corporation. See "Particulars of Matters to be Acted Upon – Election of Directors".

See "Information Concerning TargetCo. – Narrative Description of the Business", "Information Concerning TargetCo. – Interests of Certain Persons in Matters to be Acted Upon" and "Information Concerning TargetCo. – Non-Arm's Length Party Transactions."

### **Conflicts of Interest**

Certain of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon Closing of the Acquisition may serve as directors or officers of other reporting issuers, or may be associated with other reporting issuers or have significant shareholdings in other reporting issuers. To the extent that such other reporting issuers may participate in business or ventures in which the Resulting Issuer may participate, the directors and officers of the Resulting Issuer may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Resulting Issuer will follow the provisions of the OBCA dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Resulting Issuer's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the OBCA. In accordance with the OBCA, the directors and officers of the Resulting Issuer will be required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Other than as set out in "Information Concerning the Resulting Issuer – Conflicts of Interest" and elsewhere in this Information Circular, to the best of their respective knowledge, neither the Corporation nor TargetCo. is aware of the existence of any existing or potential material conflicts of interest between the Corporation and any of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon Closing of the Acquisition, as of the date of this Information Circular.

### **Interests of Experts**

No person or company who is named as having prepared or certified a part of this Information Circular or prepared or certified a report or valuation described or included in this Information Circular has, or will have immediately following Closing of the Acquisition, any direct or indirect interest in the Corporation, TargetCo. or the Resulting Issuer or an Affiliate or Associate of the Corporation, TargetCo. or the Resulting Issuer.

### **Risk Factors**

The Common Shares of the Corporation after Closing of the Acquisition should be considered a highly speculative investment and Shareholders should carefully consider the following information about these risks, together with other information contained herein. If any of the following risks actually occur, the Resulting Issuer's business, results of operations and financial condition could suffer significantly. Risks to the Resulting Issuer include but are not limited to the following. An investment in the Resulting Issuer is speculative due to the proposed nature of the Resulting Issuer's business and the very early stage of TargetCo.'s business development. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. The Resulting Issuer is subject to the risks associated with: having a property without known mineable reserves, limited operating history, resources exploration and development, government regulation and environmental risks, fluctuating price of the Common Shares of the Resulting Issuer, results of prior exploration work, title to the properties, uninsurable risks, financial capability and additional financing, competition, management, enforcement of legal rights, resale of securities, dilution, residence of directors and officers of the Resulting Issuer, potential for conflict of interest, need to attract and retain qualified personnel and risks associated with the business combination.

In addition to the factors disclosed elsewhere in this Information Circular, Shareholders should consider the following risk factors in assessing the investment merits of such securities:

- (a) TargetCo. is engaged in the business of developing and exploring mining properties;

- (b) TargetCo. has a limited operating history on which to base an evaluation of its business and prospects; and
- (c) TargetCo.'s business is dependent on numerous factors that are specific to its business, including but not limited to, its success in its continued marketing and expansion of its development and exploration business, general economic conditions, financing availability, etc.

For a complete discussion of the risks associated with the Resulting Issuer and the Closing of the Acquisition, see "Information Concerning the Resulting Issuer – Risk Factors".

**Conditional Listing Approval**

The TSXV has conditionally accepted the Acquisition and the Supporting Transactions subject to Grasslands fulfilling all of the requirements of the TSXV.

**PART I  
GENERAL PROXY INFORMATION**

**SOLICITATION OF PROXIES**

**This Information Circular is furnished in connection with the solicitation by and on behalf of the management of the Corporation of proxies to be used at the Meeting to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. In addition to solicitation by mail, certain officers, directors and employees of the Corporation may solicit proxies by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of solicitation by management will be borne directly by the Corporation. The head office of the Corporation is located at 201, 619 - 11th Avenue SE Calgary, Alberta T2G 0Y8.**

*In accordance with National Instrument 54-101 Communications with Beneficial Owners of Securities of a Reporting Issuer, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation. The record date to determine the registered shareholders entitled to receive Notice of the Meeting is September 28, 2011 (the "Record Date").*

**VOTING OF PROXIES**

**The persons named (the "Management Designees") in the accompanying instrument of proxy have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the Shareholder who appoints them. Any Shareholder has the right to appoint a person or corporation (who need not be a Shareholder) other than the Management Designees to attend and to vote and act for and on behalf of such person at the Meeting. In order to do so the Shareholder may insert the name of such person in the blank space provided in the instrument of proxy, or may use another appropriate form of proxy. All instruments of proxy must be deposited with Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof. The Chairman of the Meeting may refuse to recognize any instrument of proxy received after such time.**

Common Shares represented by any properly executed proxy in the accompanying form will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given by the Shareholder. **In the absence of such direction, the Common Shares will be voted in favour of the matters set forth herein.**

**The accompanying instrument of proxy confers discretionary authority on the Management Designees with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. As of the date hereof, management of the Corporation is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgement of management of the Corporation.**

## REVOCATION OF PROXIES

A Shareholder giving a proxy has the power to revoke it. Such revocation may be made by the Shareholder attending the Meeting by fully executing another instrument of proxy bearing a later date and duly depositing the same before the specified time, or by written instrument revoking such proxy duly executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either at the head office of the Corporation or its registrar and transfer agent at any time up to and including the last Business Day preceding the date of the Meeting, or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law. Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

## ADVICE TO BENEFICIAL HOLDERS

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares**

**voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

Registered holders of Common Shares as shown on the shareholders' list prepared as of the Record Date will be entitled to vote such shares at the Meeting on the basis of one vote for each Common Share held, except to the extent that the person has transferred the ownership of any of their Common Shares after the Record Date, and the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands, not later than ten (10) days before the Meeting, or shorter period before the Meeting that the by-laws of the Corporation may provide, that their name be included in the list before the Meeting, in which case the transferee is entitled to vote their Common Shares at the Meeting.

As of the Record Date, 16,997,696 of the Corporation's unlimited authorized voting Common Shares were issued and outstanding.

The By-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders if at least two persons are present in person or by proxy, each of whom is entitled to vote at the meeting, and who hold or represent by proxy in the aggregate not less than ten percent (10%) of the outstanding Common Shares entitled to be voted at the meeting.

To the knowledge of the directors and officers of the Corporation, as of the date of this Information Circular, no person, company or entity beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Common Shares.

#### **REQUISITE SHAREHOLDER APPROVAL**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to (i) appoint the auditor for the ensuing year and to authorize the directors to fix the auditor's remuneration; (ii) pass the Acquisition Resolution; (iii) if the Acquisition Resolution is passed, pass the Share Consolidation Resolution; (iv) if the Acquisition Resolution is passed, pass the Name Change Resolution; (v) pass the Election of Directors Resolution; (vi) if the Acquisition Resolution is passed, pass the Continuance Resolution; and (vii) if the Acquisition Resolution is passed, pass the Rolling Plan Resolution.

The Acquisition Resolution, the Election of Directors Resolution and the Rolling Plan Resolution must be passed by a majority of the votes cast at the Meeting by Shareholders, and the Share Consolidation Resolution, the Name Change Resolution and the Continuance Resolution must be passed by two-thirds (2/3) of the votes cast at the Meeting by Shareholders.

**DISSENTING RIGHTS OF SHAREHOLDERS**

Under the ABCA, a registered Shareholder is entitled, in addition to any such other right such holder may have, to dissent to the Continuance and to be paid the fair value of the Common Shares held by such holder in respect of which such holder dissents. **A summary of dissent rights with respect to the Continuance Resolution can be found under "Particulars of Matters to be Acted Upon – Continuance Under the OBCA – Dissent Rights to Continuance Resolution."** Further, Section 191 of the ABCA, which describes shareholder's rights of dissent, is included as Schedule "B(1)" to this Information Circular.

**PART II  
INFORMATION CONCERNING THE  
ACQUISITION AND SUPPORTING TRANSACTIONS**

**BACKGROUND TO THE ACQUISITION**

After a period of arm's length negotiation with TargetCo. with respect to the Acquisition, the Corporation entered into the Letter Agreement. The Corporation, TargetCo. and Subco entered into the Amalgamation Agreement as of September 28, 2011, which more completely sets out the terms and conditions of the Acquisition and the Supporting Transactions.

**THE ACQUISITION**

Pursuant to the Amalgamation Agreement and subject to the receipt of all required regulatory and shareholder approvals, TargetCo. and Subco will amalgamate and in connection therewith the Corporation will acquire the TargetCo. Shares and the TargetCo. Shareholders will receive one (1) Consolidated Share (a "**Consideration Share**") for each TargetCo. Share. The Consideration Shares will be issued at an ascribed price of \$0.175 per Consideration Share.

The principal terms of the Acquisition, as set out in the Amalgamation Agreement, are as follows:

***Share Consolidation***

Prior to the completion of the Acquisition, the Corporation will effect the Share Consolidation, which will involve a consolidation of the then existing Common Shares on a five (5) old Common Shares for one (1) new Common Share (a "**Consolidated Share**") basis (5:1). The following table sets out the number of Common Shares outstanding before and after giving effect to the Share Consolidation:

	Amount outstanding as of the date of this Information Circular	Amount outstanding after giving effect to the Share Consolidation <sup>(1)</sup>
Common Shares	16,997,696	3,399,539

Notes:

(1) Not taking into effect the Acquisition or the RTO Financing.

***Amalgamation***

Upon the Amalgamation, holders of TargetCo. Shares will receive one (1) Consideration Share for each TargetCo. Share. There are 16,422,767 TargetCo. Shares issued and outstanding as at the date of this Information Circular. The Consideration Shares will be issued at an ascribed price of \$0.175 per Consideration Share. After giving effect to the Share Consolidation and the Amalgamation, but prior to the completion of the RTO Financing, the Shareholders and the TargetCo. Shareholders will own approximately 17.15% and 82.85%, respectively, of the issued and outstanding Common Shares of the Resulting Issuer.

***Directors and Officers***

At the Meeting, if the Acquisition Resolution is passed, the Shareholders will be asked to elect the following seven (7) persons to the Board of Directors:

1. Jeremy Goldman



2. Yannis Banks
3. Richard Cleath
4. Jean-Francois Pelland
5. Andres Tinajero
6. Jean Pierre Chauvin
7. Scott Jobin-Bevans

See "Particulars of Matters to be Acted Upon - Election of Directors".

After the Meeting, and assuming the completion of the Acquisition, the new Board of Directors of the Corporation is expected to appoint the following persons as executive officers of the Resulting Issuer: Mario Justino, Chief Executive Officer and President; and Chris Hazelton, Chief Financial Officer. See "Information Concerning the Resulting Issuer - Directors and Officers".

### **RTO FINANCING**

In conjunction with the completion of the Acquisition, TargetCo. may also complete the offering of units of TargetCo. for gross proceeds of a minimum of \$1,700,000 and a maximum of \$5,000,000 (the "**RTO Financing**"). The RTO Financing may be necessary in order for the Resulting Issuer to achieve the minimum listing requirements of the TSXV for a Mining Issuer (as defined in the TSXV Manual). The units issued pursuant to the RTO Financing will have an issue price of (a) \$0.25 per unit for flow through TargetCo. Shares and (b) \$0.20 per unit for non-flow through TargetCo. Shares and will be comprised of one (1) TargetCo. Share and one-half ( $\frac{1}{2}$ ) of one common share purchase warrant, with each whole warrant exercisable into one (1) TargetCo. Share at an exercise price of \$0.40 per share for a period of 24 months from the date of issue, subject to acceleration in certain circumstances. Foundation Markets Inc. and Union Securities Ltd. will act as co-lead Agents in connection with the RTO Financing. In connection with the RTO Financing, TargetCo. reserves the right to issue to any agent, underwriter and/or finder Compensation Options to purchase up to a further 8% of the non flow-through TargetCo. Units issued pursuant to the RTO Financing, such Compensation Options to be exercisable into non flow-through TargetCo. Units identical in exercise terms to those issued under the RTO Financing and to be exercisable for a period of 24 months from the date of issue, subject to acceleration in certain circumstances.

Foundation Markets Inc. will not receive any Compensation Options in its role as co-lead Agent in the RTO Financing. All Compensation Options will be allocated to Union Securities Ltd. and registered, arms length selling agents.

### **BUSINESS OF THE CORPORATION AFTER THE ACQUISITION**

After the completion of the Acquisition, the Resulting Issuer intends to operate as a Mining Issuer, and will carry on the business of TargetCo. TargetCo. is an early stage mining exploration company with interests in the Province of Quebec. See "Information Concerning the Resulting Issuer – Business Objectives".

### **EFFECT OF ACQUISITION**

If the Acquisition Resolution and the Supporting Transactions Resolutions are approved at the Meeting and the applicable conditions to completion of the Acquisition have been satisfied, including receipt of certain regulatory approvals:

- (a) all of the currently outstanding Common Shares will be consolidated, as set out above;
- (b) the Corporation will be continued under the OBCA;
- (c) the Board of Director will consist of seven (7) persons, as set out above;
- (d) TargetCo. and Subco will be amalgamated under the OBCA;
- (e) the Corporation will acquire all of the TargetCo. Shares and the TargetCo. Shareholders will be issued Consideration Shares;
- (f) the Corporation will change its name to "Lakeside Minerals Inc." or such other name as the Board may determine; and
- (g) the Rolling Plan will replace the Stock Option Plan.

Based on there being 16,997,696 Common Shares issued and outstanding prior to completion of the Share Consolidation and the Acquisition, there will be a total of 19,822,306 Common Shares issued and outstanding after completion of the Share Consolidation and the Acquisition (not taking into effect the completion of the RTO Financing), of which the Shareholders will hold 3,399,539 or 17.15% and the TargetCo. Shareholders will hold 16,422,767 or 82.85%.

#### **BOARD RECOMMENDS APPROVAL**

The Board of Directors, after carefully considering the Acquisition, has determined that the Acquisition is fair from a financial point of view to the Shareholders and the Acquisition is in the best interests of the Corporation and the Shareholders and recommends that Shareholders vote in favour of the Acquisition.

#### **REASONS FOR THE ACQUISITION**

The Board of Directors has concluded that the most efficient method of effecting a merger of the Corporation and TargetCo. is by way of the Acquisition. The Acquisition is intended to enhance value opportunities for Shareholders. After extensive analysis, discussion and reflection with the Corporation's management, the Board of Directors concluded that the Acquisition:

- (a) offered Shareholders the greatest degree of risk diversification while creating the financial strength necessary to sustain the long-term viability of the Corporation;
- (b) was the best alternative available to maximize Shareholder value; and
- (c) was in the best interest of Shareholders and the Corporation.

In coming to its conclusions and recommendations, the Board of Directors considered a number of factors, including the following:

- (a) information concerning the financial condition, results of operations, business, plans and prospects of the Corporation, TargetCo. and the Resulting Issuer and the resulting potential for enhanced business efficiency, management effectiveness and financial results of the Corporation and TargetCo. on a combined basis;

- (b) that the Acquisition may facilitate further access to public capital for the Resulting Issuer; and
- (c) the current difficulties in raising funds for media companies and, as a result, the Corporation's lack of opportunities in its current business.

### **SECURITIES LAW MATTERS**

The issuance of the Consideration Shares to TargetCo. Shareholders, as contemplated in the Amalgamation Agreement, will be exempt from the prospectus and registration requirements of the securities laws of the applicable provinces of Canada. The Consideration Shares issued pursuant to the Amalgamation Agreement may be subject, however, to restrictions on trading in accordance with applicable securities laws and some will be subject to escrow requirements in accordance with applicable TSXV policies. See "Information Concerning the Resulting Issuer – Escrowed Securities".

### **SHAREHOLDER APPROVAL**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to (i) re-appoint Collins Barrow Toronto LLP, Chartered Accountants, as auditor for the Corporation until the next annual meeting of the Corporation and authorize the directors to fix the auditor's remuneration; (ii) pass the Acquisition Resolution; (iii) if the Acquisition Resolution is passed, pass the Share Consolidation Resolution; (iv) if the Acquisition Resolution is passed, pass the Name Change Resolution; (v) pass the Election of Directors Resolution; (vi) if the Acquisition Resolution is passed, pass the Continuance Resolution; and (vii) if the Acquisition Resolution is passed, pass the Rolling Plan Resolution. In order for the Acquisition to be implemented as contemplated, the Acquisition Resolution, the Election of Directors Resolution and the Rolling Plan Resolution must be passed by a majority of the votes cast at the Meeting by Shareholders and the Share Consolidation Resolution, the Name Change Resolution and the Continuance Resolution must be passed by two-thirds (2/3) of the votes cast at the Meeting by Shareholders.

### **REGULATORY APPROVALS AND FILINGS**

The Corporation is not aware of any material regulatory approval or other action by any federal, provincial, state or foreign government or administrative or regulatory agency that would be required to be obtained prior to the completion of the Acquisition, other than the TSXV and the applicable securities commissions or regulators.

### **CONSEQUENCES IF APPROVALS NOT OBTAINED**

In the event that the Acquisition is not approved by the Shareholders and the TSXV, the Acquisition, the Share Consolidation, the Name Change, the election of seven (7) directors to the Board of Directors, the Continuance and the amendment of the Corporation's Stock Option Plan will not be completed.

### **CONDITIONS RELATED TO COMPLETION OF THE ACQUISITION**

The Amalgamation Agreement contains customary representations, warranties and covenants made by each of the Corporation, TargetCo. and Subco, and it provides that the Closing of the Acquisition will be subject to the satisfaction of a number of conditions precedent, including, among others, the following:

- (a) the Corporation will have received the TSXV's waiver of any requirement for sponsorship pursuant to Policy 5.2 of the TSXV Manual, or, if waiver is not

available, a sponsor for the Acquisition shall have conducted due diligence and filed with the TSXV a sponsorship report satisfactory to the Exchange;

- (b) the Corporation obtaining all requisite consents, acceptances and regulatory approvals, including without limitation, the approval of the TSXV such that the transaction proposed herein will constitute a Reverse Take Over, as such term is defined in Policy 5.2 of the TSXV. The Corporation shall actively pursue and use its reasonable best efforts to obtain such requisite regulatory approvals as soon as reasonably possible following satisfaction or waiver of the condition set out in paragraph (a) above;
- (c) each of the Corporation and TargetCo. obtaining all director and shareholder approvals as may be required under applicable laws or regulatory policies (including those of the TSXV) on or before November 30, 2011;
- (d) disclosure regarding the issued and outstanding securities of the Corporation and TargetCo. as at the date of the Amalgamation Agreement shall remain true and correct until the Closing of the Acquisition;
- (e) no adverse material change in the business affairs, financial condition or operations of the Corporation or TargetCo. shall occur between the date of the latest available financial statements and the Closing of the Acquisition;
- (f) TargetCo. shall be the beneficial owner of the option agreements to the mineral claims comprising the Lakeside Mineral Claims; and
- (g) each of the Corporation and TargetCo. shall be satisfied that, upon Closing of the Acquisition, all regulatory requirements have been or are capable of being satisfied, including satisfaction of the Minimum Listing Requirements of the TSXV and the requirements relating to completion of a Reverse Take Over within the meaning of Policy 5.2 of the TSXV.

The Amalgamation Agreement may be terminated without further action on the part of the Shareholders and notwithstanding Shareholder approval of the Acquisition Resolution by, among other things, mutual agreement of the parties to the Amalgamation Agreement.

The Amalgamation Agreement will contain covenants, representations, warranties, conditions, indemnities and provisions customary for transactions of the nature of the Acquisition and will supersede the Letter Agreement upon execution thereof.

The Acquisition is expected to close within (A) ten business days of the earlier of (i) the satisfaction or waiver of the last outstanding condition of the Amalgamation Agreement and (ii) the TSXV having provided its approval of the Acquisition and transactions related thereto, or (B) the maximum time permitted by the TSXV.

### **PART III INFORMATION CONCERNING THE CORPORATION**

#### **CORPORATE STRUCTURE**

The full corporate name of the Corporation is "Grasslands Entertainment Inc." The registered and head office of the Corporation is located at Suite 201, 619 - 11th Avenue SE, Calgary, Alberta, T2G 0Y8.

The Corporation was formed on July 11, 2001 by means of the amalgamation of The Grasslands Entertainment Group Inc. ("GECI") and Starbright Venture Capital Inc. ("Starbright") pursuant to the provisions of the ABCA.

GECI was incorporated under the provisions of the ABCA as 651139 Alberta Ltd. on April 18, 1995. On November 3, 1995 GECI changed its name to "The Grasslands Television Group Inc." and further changed its name on April 18, 1997 to "The Grasslands Entertainment Group Inc." On July 18, 1997, GECI amended its articles of incorporation to remove certain private company restrictions previously contained therein. As a result of such amendment, the articles of GECI no longer imposed restrictions on the number of shareholders of GECI or the ability for GECI to make invitations to the public to subscribe for shares. Starbright was incorporated under the provisions of the ABCA on June 3, 1997.

#### **INTERCORPORATE RELATIONSHIPS**

The Corporation has a wholly-owned subsidiary, 1183290 Alberta Inc., which subsidiary has a 50% interest in the joint venture GR2 Productions.

#### **DESCRIPTION OF THE BUSINESS OF THE CORPORATION**

The principal business of the Corporation was creating, producing and marketing targeted television programming content through distinct business units for the cable specialty market. The Corporation earned revenue on its television content by way of sponsorship, licensing, government grants and government rebates. Most of these revenues were only available after completion of production and as such, the Corporation financed its up-front production costs prior to revenues being generated.

#### **GENERAL DEVELOPMENT OF THE BUSINESS**

On December 4, 2001 the Corporation completed its Initial Public Offering as a CPC pursuant to the CPC Policy of the TSXV. The Corporation sold 1,250,000 Common Shares at a price of \$0.40 per share raising gross proceeds of \$500,000. The Corporation commenced trading on the TSXV on December 4, 2001 under the trading symbol "GEE.V" and is a reporting issuer in the provinces of British Columbia and Alberta.

On December 24, 2003, the Corporation completed a private placement for 1,360,000 Common Shares and 680,000 common share purchase warrants for total gross proceeds of \$272,000. The subscription agreements related thereto were with both arms' length third parties and non-arms' length parties. The funds raised were used to finance the development of television production. No brokerage fees were paid in connection with such private placement.

Between the end of 2003 and the middle of 2007, the Corporation earned revenue primarily from "The Thirsty Traveller" television series. The Corporation also produced eight episodes of "The Ocean Wanderer" in 2004 and one season of "Eat, Shrink and Be Merry" in 2007. The Corporation ceased production of television programming as of 2007.

Prior to October 1, 2007, Grasslands has generated revenue from the production and licensing of television programming both domestically and internationally. This had been the Corporation's core business. Growth and profitability were dependent on the continued ability to develop storylines and concepts for television programming. The Corporation had generated revenue by licensing internally produced programming to various broadcasters and buyers worldwide. The Corporation has retained the rights to proprietary programming for exploitation in future periods, markets and media formats.

On May 11, 2007 the Corporation decided to begin examining strategic alternatives, including but not limited to, transactions or restructuring. On December 12, 2008, the Corporation announced the completion of a private placement for 4,427,360 units at \$0.05 per unit for a total of \$221,238. Each unit was comprised of one (1) Common Share and one-half ( $\frac{1}{2}$ ) of one common share purchase warrant, with each whole warrant being exercisable into one Common Share at an exercise price of \$0.10 for a period of two (2) years from the date of issue. Foundation Markets Inc. acted as the Corporation's agent in connection with the offering and received a cash commission of \$17,540, together with 350,800 broker compensation options, each option being exercisable into one unit at an exercise price of \$0.10 per unit for a period of two (2) years from the date of closing. The net proceeds of the private placement was used to fund general working capital.

On March 31, 2009 the Corporation issued a press release announcing the entering into of a subscription agreement with each of Caldera Geothermal Inc. ("**Caldera**") and Enerasia Renewable Corp. ("**EnerAsia**"). The Corporation agreed to purchase 300,000 units of Caldera at \$0.25 a unit, each unit comprised of one (1) common share of Caldera and one-half ( $\frac{1}{2}$ ) of one common share purchase warrant. Each whole warrant is exercisable into one (1) common share of Caldera at an exercise price of \$0.50 for a period that is the earlier of (a) 36 months from the closing date and (b) 24 months from the completion of a going public transaction of Caldera. The Corporation also agreed to purchase 75 units of EnerAsia at a price of \$1,000 per unit. Each such unit of EnerAsia was comprised of one \$1,000 principal amount convertible debenture and 2,500 common share purchase warrants. The debentures have a term of 24 months and will bear interest at a rate of 15% per annum calculated annually, and the principal amount of the debentures and all accrued interest shall be automatically converted into equity securities of EnerAsia upon completion by EnerAsia of an equity offering of at least \$500,000 at a conversion price equal to the offering price under the equity offering. Each warrant of EnerAsia is exercisable into one common share of EnerAsia at an exercise price of \$0.20 for a period that is the earlier of (a) 60 months from the closing date, and (b) 24 months from the completion of a going public transaction of EnerAsia.

On May 25, 2009 the Corporation entered into a letter agreement with FFHC, the indirect holder of all of the issued and outstanding common shares of Grasslands Acquisition Corp., pursuant to which the Corporation and such company agreed to complete a business combination. The letter agreement was amended and restated on February 4, 2010 and was terminated on January 20, 2011.

Effective February 19, 2010, the Caldera securities were repriced and restructured such that the Corporation now holds 375,000 units of Caldera at \$0.20, each unit comprised of one (1) common share of Caldera and one (1) common share purchase warrant. Each warrant is exercisable into one (1) common share of Caldera at an exercise price of: (a) \$0.25 per share at any time prior to the third anniversary of the closing date; (b) \$0.30 per share at any time after the third anniversary of the closing date but prior to the fourth anniversary of the closing date; or (c) \$0.35 per share at any time after the fourth anniversary of the closing date but prior to the fifth anniversary of the closing date.

On January 20, 2011 the Corporation entered into a letter agreement with TargetCo. and FFHC, pursuant to which the Corporation and TargetCo. have agreed to complete a business combination to form the Resulting Issuer. The business combination will constitute a Reverse Take-Over of the Corporation as defined in the policies of the TSXV. In conjunction with the Reverse Take-Over, the Resulting Issuer will

undergo a change in business to a mining issuer. The letter agreement was amended and restated on May 31, 2011 and September 28, 2011. The Corporation entered into the Amalgamation Agreement as of September 28, 2011.

As of this period-end no television programming productions are underway or planned by the Corporation and definitive alternatives to enhance share value are being reviewed.

## **SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS**

### ***Selected Financial Information***

The following table presents selected financial information for the Corporation for the periods indicated. This table should be read in conjunction with the audited consolidated financial statements of the Corporation from the years ended June 30, 2008 until June 30, 2010, and the unaudited interim financial statements of the Corporation for the interim nine month period ended March 31, 2011 and the respective notes thereto set forth in Schedule "F" to this Information Circular. This table contains financial information derived from financial statements that have been prepared in accordance with Canadian GAAP.

	<b>Nine months ended March 31, 2011 (unaudited)</b>	<b>Year ended June 30, 2010 (audited)</b>	<b>Year ended June 30, 2009 (audited)</b>	<b>Year ended June 30, 2008 (audited)</b>
Total Revenues	12,493	18,894	113,867	741,038
Total Expenses	44,034	315,679	387,997	1,009,548
Net (Loss)	(31,541)	(285,048)	(262,184)	(268,510)
Total Assets	196,250	275,601	581,642	630,620
Total Long Term Liabilities	\$Nil.	\$Nil.	\$Nil.	\$Nil.
Cash Dividends Declared	\$Nil.	\$Nil.	\$Nil.	\$Nil.

### ***Management's Discussion and Analysis***

Management's discussion and analysis of the financial condition and results of operations of the Corporation for the fiscal years ended June 30, 2010 and June 30, 2009 and nine months ended March 31, 2011 and March 31, 2010 are attached to this Information Circular as Schedule "G". This management's discussion and analysis should be read in conjunction with the selected financial information set forth above and the financial statements and the accompanying notes thereto attached to this Information Circular as Schedule "F".

Certain information included in such Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Statements".

**DESCRIPTION OF SECURITIES**

The Corporation is authorized to issue an unlimited number of Common Shares. As of September 29, 2011 there were 16,997,696 Common Shares issued and outstanding. The holders of the Common Shares have the right to one vote per Common Share at any meeting of Shareholders, have the right to receive any dividend declared by the Board, and have the right to receive the remaining property of the Corporation on its dissolution, liquidation, winding up or other distribution of its assets or property among its Shareholders for the purpose of winding up its affairs.

The Corporation is authorized to issue an unlimited number of Preferred Shares issuable in series. As of September 29, 2011, there were no Preferred Shares issued and outstanding.

**DIVIDENDS**

The Corporation has neither declared nor paid any dividends on the Common Shares and does not currently anticipate paying dividends.

**STOCK OPTION PLAN**

The Corporation has adopted an incentive stock option plan (the "**Stock Option Plan**") which provides that Board of Directors may from time to time, in its discretion, and in accordance with the requirements of the TSXV, grant to directors, officers, employees and consultants to the Corporation or to employees of a person or company which provides management services to the Corporation, non-transferable options to purchase Common Shares, provided that the number of the Common Shares reserved for issuance will not exceed 2,514,255 Common Shares. Such options will be exercisable for a period of up to five (5) years from the date of grant. In connection with the foregoing, the number of the Common Shares reserved for issuance in any 12 month period to: (a) any one optionee will not exceed five percent (5%) of the issued and outstanding Common Shares; (b) any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares; and (c) all employees conducting investor relations activities will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised no later than ninety (90) days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The Corporation did not during the financial year ended June 30, 2010 grant any options to its Named Executive Officers nor did it reprice downward any options or stock appreciation rights held by its Named Executive Officers.

At the Meeting, Shareholders will be asked to approve the replacement of the Stock Option Plan with the Rolling Plan. See "Particulars of Matters to be Acted Upon – Approval of 10% Rolling Stock Option Plan".

**PRIOR SALES**

During the past 12 months, the Corporation issued no securities.

**PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES**

The Common Shares are listed for trading on the TSXV under the symbol "GEE". The market price of the Common Shares on the last day the Common Shares traded prior to the January 26, 2011 announcement



of the Amalgamation, was \$0.03. The Common Shares have been halted from trading since May 25, 2009 and the last market price before this halt in trading was \$0.03 on May 22, 2009. The market price of the Common Shares as at the date immediately preceding the date of this Information Circular was \$0.03. The trading of the Common Shares on the TSXV remains halted as of the date of this Information Circular.

#### **PRINCIPAL HOLDERS OF VOTING SECURITIES**

As of the date of this Information Circular, there were 16,997,696 Common Shares issued and outstanding, which are the only outstanding voting securities of the Corporation. Each Common Share entitles the holder thereof to one vote per share.

To the best of the knowledge of the directors and executive officers of the Corporation, there is no person, company or entity who beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the Common Shares.

#### **DIRECTORS AND OFFICERS**

For disclosure regarding the directors proposed to be nominated for election at the Meeting, see "Particulars of Matters to be Acted Upon – Election of Directors." For disclosure regarding proposed directors, officers and key employees of the Corporation after Closing of the Acquisition, see "Information Concerning the Resulting Issuer – Directors and Officers".

#### **PENALTIES AND SANCTIONS AND PERSONAL BANKRUPTCIES**

No director, officer or, to the knowledge of the Corporation, shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within 10 years before the date hereof, has been, a director or executive officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In addition, no director, officer or, to the knowledge of the Corporation, shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) has been subject to any:
  - (i) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
  - (ii) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

- (b) or a personal holding company of any such persons has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer, shareholder or holding company of any such person.

## CONFLICTS OF INTEREST

There are potential conflicts of interest to which directors and executive officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and executive officers of the Corporation are, or may be, directors or executive officers of other corporations engaged in similar business ventures, and situations may arise where such directors and executive officers of such other corporations will be in direct conflict with the Corporation. Conflicts, if any, will be subject to the procedures, requirements and remedies under the OBCA.

## EXECUTIVE COMPENSATION

The following table provides a summary of total compensation earned during total compensation earned during the twelve month periods ended June 30, 2008, June 30, 2009 and June 30, 2010 respectively by the Corporation's Chief Executive Officer and Chief Financial Officer, each of the three other most highly compensated executive officers of the Corporation who were serving as such as at June 30, 2010 regardless of the amount of their compensation (the "Other Executive Officers") and each other individual who would have been an Other Executive Officer but for the fact that such individual was neither serving as an executive officer, nor acting in a similar capacity, as at June 30, 2010 (hereinafter, collectively, referred to as the "Named Executive Officers" or "NEO") for services rendered in all capacities during such period.

SUMMARY COMPENSATION TABLE							
Name and Principal Position of Named Executive Officer	Period ended	Salary (CDN\$)	Option-Based Awards (CDN\$)	Non-Equity		All Other Compensation (CDN\$)	Total Compensation (CDN\$)
				Incentive Plan Compensation			
				Annual Incentive Plans (CDN\$)	Long-Term Incentive Plans (CDN\$)		
James W. Ripley President and Chief Executive Officer	June 30, 2010	\$48,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	\$48,000
	June 30, 2009	\$86,290 <sup>(1)</sup>	Nil	Nil	Nil	\$63,000 <sup>(2)</sup>	\$149,290
	June 30, 2008	\$85,844 <sup>(1)</sup>	Nil	Nil	Nil	Nil	\$85,844
Randy Koroll Chief Financial Officer <sup>(3)</sup>	June 30, 2010	\$27,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	\$27,000
	June 30, 2009	\$12,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	\$12,000
Darryl McKinnon (Former Chief Financial Officer) <sup>(3)</sup>	June 30, 2009	\$14,663	Nil	Nil	Nil	Nil	\$14,663
	June 30, 2008	\$10,188	Nil	Nil	Nil	Nil	\$10,188

### Notes:

(1) Mr. Ripley was employed as President and Chief Executive Officer, and paid a base annual remuneration, pursuant to an employment contract (the "Employment Contract") dated May 25, 2002 between the Corporation and Mr. Ripley, which Employment Contract was terminated pursuant to a release and settlement agreement dated effective as of the 11th day of December, 2008 between the Corporation and Mr. Ripley. During the fiscal year ended June 30, 2009, Mr. Ripley was paid \$39,790 pursuant to the aforementioned Employment Agreement until termination of same. Mr. Ripley entered into a consulting agreement (the "Consulting Agreement") made the 11th day of December, 2008 with the Corporation, pursuant to which Mr. Ripley agreed to provide consulting services to the Corporation as an independent contractor and is entitled to receive a consulting fee of \$7,000 plus GST per month, as well as reimbursement for reasonable expenses, for the duration of the term

of the agreement. During the fiscal year ended June 30, 2009, Mr. Ripley was paid an aggregate of \$46,500 pursuant to the Consulting Agreement. During the 6 month period ended December 31, 2009, Mr. Ripley and the Corporation agreed to reduce the consulting fee to \$5,000 (plus GST) per month, effective July 1, 2009. Such consulting fee was further reduced to \$3,000 (plus GST) per month after December 31, 2009.

(2) Pursuant to the Consulting Agreement, Mr. Ripley earned a lump sum payment of \$63,000 at the end of the 6 month term of the Consulting Agreement in June 2009. See "Termination and Change of Control Benefits" below.

(3) Mr. McKimmon was appointed as Chief Financial Officer on May 27, 2008 and resigned on September 26, 2008. Mr. Koroll was appointed as Chief Financial Officer on December 11, 2008.

(4) Commencing March 2009, Mr. Koroll was paid a consulting fee of \$3,000 per month. Mr. Koroll did not earn or receive any compensation from the Corporation prior to March 2009. Mr. Koroll provides services to the Corporation as an independent contractor. Mr. Koroll's consulting fee remained at \$3,000 per month during the 6 month period ended December 31, 2009, at which point it was reduced to \$1,500 per month.

### ***Named Executive Officer Outstanding Incentive Plan Awards and Pension Plan Benefits***

The table below reflects all option-based awards for each Named Executive Officer outstanding as at June 30, 2010 and as at June 30, 2009 (including option-based awards granted to a Named Executive Officer before such fiscal year). As of the date hereof, the Corporation does not have any equity or non-equity incentive plans other than its Stock Option Plan (as hereinafter defined), and the Corporation has not adopted a pension plan. See the section of this Information Circular entitled "Executive Compensation – Compensation Discussion and Analysis" for further information on the Stock Option Plan, including the significant terms of the Stock Option Plan.

<b>NEO OPTION-BASED AWARDS OUTSTANDING AS AT JUNE 30, 2010 and JUNE 30, 2009</b>					
<b>Name of Named Executive Officer</b>	<b>Fiscal Year ended</b>	<b>Number of Securities Underlying Unexercised Options</b>	<b>Option Exercise Price (CDN\$/Security)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised In-the-Money Options (CDN\$)</b>
James W. Ripley President and Chief Executive Officer	June 30, 2010	Nil	Nil	Nil	Nil
	June 30, 2009	Nil	Nil	Nil	Nil
Randy Koroll Chief Financial Officer <sup>(1)</sup>	June 30, 2010	Nil	Nil	Nil	Nil
	June 30, 2009	Nil	Nil	Nil	Nil
Darryl McKimmon (Former Chief Financial Officer) <sup>(1)</sup>	June 30, 2009	Nil	Nil	Nil	Nil

Notes:

(1) Mr. McKimmon was appointed as Chief Financial Officer on May 27, 2008 and resigned on September 26, 2008. Mr. Koroll was appointed as Chief Financial Officer on December 11, 2008.

The following table provides information concerning the incentive award plans of the Corporation with respect to each Named Executive Officer during the fiscal years ended June 30, 2010 and June 30, 2009. The only incentive award plan of the Corporation during such fiscal years was its Stock Option Plan.

INCENTIVE AWARD PLANS – VALUE VESTED OR EARNED DURING FISCAL YEAR		
Name of Named Executive Officer	Option-Based Awards – Value Vested During Year Ended June 30, 2009 (CDN\$)	Option-Based Awards – Value Vested During Year Ended June 30, 2010 (CDN\$)
James W. Ripley President and Chief Executive Officer	Nil	Nil
Randy Koroll Chief Financial Officer <sup>(1)</sup>	Nil	Nil
Darryl McKinnon (Former Chief Financial Officer) <sup>(1)</sup>	Nil	N/A

Notes:

(1) Mr. McKinnon was appointed as Chief Financial Officer on May 27, 2008 and resigned on September 26, 2008. Mr. Koroll was appointed as Chief Financial Officer on December 11, 2008.

## ***Compensation Discussion and Analysis***

### **Introduction**

The Compensation Discussion and Analysis section of this Information Circular sets out the objectives of the Corporation's executive compensation arrangements, the Corporation's executive compensation philosophy and the application of this philosophy to the Corporation's executive compensation arrangements. It also provides an analysis of the compensation design, and the decisions that the Compensation Committee made in the fiscal year ended June 30, 2010 with respect to the Named Executive Officers. When determining the compensation arrangements for the Named Executive Officers, the Compensation Committee considers the objectives of: (i) retaining an executive critical to the success of the Corporation and the enhancement of shareholder values; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and shareholders of the Corporation; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. For information regarding the Compensation Committee, see the section of this Information circular entitled "Information Concerning the Corporation – Governance".

### **Benchmarking**

The Compensation Committee considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of the Corporation. The Corporation typically does not position executive pay to reflect a single percentile within the communications and media industry for each executive. Rather, in determining the compensation level for each executive, the Compensation Committee looks at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by the other companies in the communications and media industry, and pay equity considerations.

### **Elements of Compensation**

The compensation paid to the Named Executive Officers in any year consists of two (2) primary components:

1. base salary; and

2. long-term incentives in the form of stock options granted under the Stock Option Plan.

The Corporation believes that making a significant portion of the Named Executive Officer's compensation based on a base salary and long-term incentives supports the Corporation's executive compensation philosophy, as these forms of compensation allow those most accountable for the Corporation's long-term success to acquire and hold the Corporation's shares. The key features of these two primary components of compensation are discussed below.

1. Base Salary or Consulting Fees

Base salary or consulting fees recognize the value of an individual to the Corporation based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which the Corporation competes for talent. Base salaries or consulting fees for the Named Executive Officers are reviewed annually. Any change in base salary or consulting fee of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Corporation (in particular, companies in communications and media industries) and a review of the performance of the Corporation as a whole and the role such executive officer played in such corporate performance.

2. Stock Option Awards

The Corporation provides long-term incentives to the Named Executive Officers in the form of stock options as part of its overall executive compensation strategy. (For a description of the material terms of the Stock Option Plan, see "Information Concerning the Corporation – Stock Option Plan" above). The Compensation Committee believes that stock option grants serve the Corporation's executive compensation philosophy in several ways: firstly, it helps attract, retain, and motivate talent; secondly, it aligns the interests of the Named Executive Officers with those of the shareholders by linking a specific portion of the officer's total pay opportunity to share price; and finally, it provides long-term accountability for Named Executive Officers.

The Corporation has adopted an incentive stock option plan (the "**Stock Option Plan**") which provides that Board of Directors may from time to time, in its discretion, and in accordance with the requirements of the TSXV, grant to directors, officers, employees and consultants to the Corporation or to employees of a person or company which provides management services to the Corporation, non-transferable options to purchase Common Shares, provided that the number of the Common Shares reserved for issuance will not exceed 2,514,255 Common Shares. Such options will be exercisable for a period of up to five (5) years from the date of grant. In connection with the foregoing, the number of the Common Shares reserved for issuance in any 12 month period to: (a) any one optionee will not exceed five percent (5%) of the issued and outstanding Common Shares; (b) any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares; and (c) all employees conducting investor relations activities will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised no later than ninety (90) days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The Corporation did not during the financial year ended June 30, 2010 grant any options to its Named Executive Officers or directors nor did it reprice downward any options or stock appreciation rights held by its Named Executive Officers.

### *Termination and Change of Control Benefits*

The Corporation entered into a consulting agreement (the "**Consulting Agreement**") made the 11<sup>th</sup> day of December, 2008 with Mr. Ripley, pursuant to which Mr. Ripley provided consulting services to the Corporation, including assisting the Corporation in evaluating financing and acquisition opportunities and providing corporate development and marketing services on behalf of the Corporation. Pursuant to the Consulting Agreement, Mr. Ripley received a consulting fee of \$7,000 plus GST per month, as well as reimbursement for reasonable expenses, for the duration of the term of the Consulting Agreement. The Consulting Agreement had a term of six (6) months from the effective date of the Consulting Agreement.

Upon expiration of the aforementioned term, Mr. Ripley received a lump sum payment of \$63,000 plus GST, which was paid in July 2009. After the expiration of the term of the Consulting Agreement, Mr. Ripley continued to provide consulting services at a reduced consulting fee of \$5,000 plus GST per month during the six month period ended December 31, 2009 and at a reduced consulting fee of \$3,000 plus GST per month after December 31, 2009.

Under the Consulting Agreement, Mr. Ripley is subject to a non-solicitation provision, whereby he agrees, during the term of the Consulting Agreement and one (1) year thereafter, not to divulge to any person the name of any customer of the Corporation or solicit, interfere with or divulge or endeavour to entice away from the Corporation any customer of the Corporation. During the term of the Consulting Agreement, Mr. Ripley signed a Release and Settlement Agreement (the "**Settlement Agreement**") dated December 11, 2008 with the Corporation. The Settlement Agreement releases the Corporation from the terms of the employment contract previously entered into between the Corporation and Mr. Ripley. Pursuant to the Settlement Agreement, Mr. Ripley is still subject to the terms of a confidentiality agreement dated May 25, 2002 between the Corporation and Mr. Ripley, and Mr. Ripley agrees to continue acting as Chief Executive Officer of the Corporation at the pleasure of the Board of Directors and shareholders of the Corporation.

### *Compensation of Directors*

For the fiscal year ended June 30, 2010, the Corporation did not pay any cash compensation (including salaries, director's fees, commissions, bonuses paid for services rendered or bonuses paid for services rendered in a previous year) to the directors in their capacity as directors for services rendered, except that the Corporation reimbursed the out-of-pocket expenses, if any, of its directors incurred in connection with attendance at or participation in meetings of the board of directors. The Corporation has agreed to pay \$10,000 to each director upon the earlier of the Closing of the Acquisition and November 30, 2011.

#### **Individual Director Compensation for Fiscal Year Ended June 30, 2010**

The following table provides a summary of all amounts of compensation provided to the directors of the Corporation during the fiscal year ended June 30, 2010.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR ENDED JUNE 30, 2010					
Name <sup>(1)</sup>	Fee Earned (CDN\$)	Option-Based Awards (CDN\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (CDN\$)	All Other Compensation (CDN\$)	Total (CDN\$)
Ned Studer Calgary, Alberta	Nil	Nil	Nil	Nil	Nil
Mendel Ekstein <sup>(3)</sup> Monroe, New York, USA	Nil	Nil	Nil	Nil	Nil
Gerald Goldberg <sup>(4)</sup> Thornhill, Ontario	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The relevant disclosure for Mr. Ripley is provided in the Summary Compensation Table for NEO's above.
- (2) The value of option based awards is based on the grant date fair value of the award. As at June 30, 2010, there were no options to acquire Common Shares outstanding.
- (3) Mr. Ekstein was elected on December 11, 2008.
- (4) Mr. Goldberg was elected on December 11, 2008.

### Director Outstanding Option-Based Awards

There were no incentive awards granted to directors for the fiscal year ended June 30, 2010. The Corporation does not have any incentive plans other than the Stock Option Plan.

### Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets out the outstanding options under the Corporation's Stock Option Plan under which Common Shares are authorized for issuance as of the financial years ended June 30, 2010 and June 30, 2009.

Plan	Year Ended	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a))
		(a)	(b)	(c)
Equity compensation plans approved by security holders	June 30, 2010	350,800 <sup>(1)</sup>	\$0.10	2,163,455
	June 30, 2009	425,800 <sup>(2)</sup>	\$0.10	2,088,455
Equity compensation plans not approved by security holders	June 30, 2010	N/A	N/A	N/A
	June 30, 2009	N/A	N/A	N/A
<b>TOTAL (as at June 30, 2010)</b>		Nil	N/A	2,088,455

Notes:

- (1) All such options vested upon issuance, and all such options expired on December 12, 2010.
- (2) All such options vested upon issuance. 350,800 of such options expired on December 12, 2010. The remaining 75,000 options, which were granted to Mr. Meek (a former director of the Corporation), expired ninety days following Mr. Meek's resignation as a director of the Corporation on December 11, 2008 in accordance with the Stock Option Plan.

For details regarding the Stock Option Plan, see the disclosure above under the heading entitled "Executive Compensation – Compensation Discussion and Analysis".

## GOVERNANCE

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of the Corporation. National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Corporation is required to disclose its corporate governance practices, as summarized below. The Board of Directors will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

### *Board of Directors*

The Board of Directors which is responsible for supervising the management of the business and affairs of the Corporation, is currently comprised of four (4) directors, of which three (3) are independent. The independent directors are Ned Studer, Mendel Ekstein and Gerald Goldberg. The President and Chief Executive Officer of the Corporation, James W. Ripley, is not independent by virtue of being a member of the Corporation's management.

Following the Meeting, assuming the Acquisition Resolution is passed, it is anticipated that there will be seven (7) directors, of which four (4) will be independent. The independent directors will be Richard Cleath, Jean-Francois Pelland, Andres Tinajero and Jean-Pierre Chauvin.

The Board facilitates its exercise of independent supervision over management by having at least half of the Board members consist of individuals who are independent of the Corporation, as such term is defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110").

The Board of Directors believes that it functions independently of management. To enhance its ability to act independent of management, the members of the Board of Directors may meet in the absence of members of management and the non-independent directors. In the event of a conflict of interest at a meeting of the Board of Directors, the conflicted director will in accordance with corporate law and in accordance with his or her fiduciary obligations as a director of the Corporation, disclose the nature and extent of his or her interest to the meeting and abstain from voting on or against the approval of such participation. In addition, the members of the Board of Directors that are not members of management of the Corporation are encouraged by the management members of the Board of Directors to communicate and obtain advice from such advisors and legal counsel as they may deem necessary in order to reach a conclusion with respect to issues brought before the Board of Directors.

### *Other Board Positions*

Certain of the Corporation's current directors are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:



Name of Director	Other Issuer	From	To
Mendel Ekstein	Petrolympic Ltd. (Formerly Pisces Capital Corp.) (TSXV)	December 2007	Present
	Capricorn (TSXV)	May 2009	Present
Gerald Goldberg	Jite Technologies Inc. (TSXV)	June 2006	October 2006
	Baymount Inc. (TSXV)	April 2004	August 2010
	Sagittarius Capital Corporation (TSXV)	April 2007	August 2010
	Leo Acquisitions Corp. (TSXV)	March 2010	Present
	Pinetree Capital Inc. (TSX)	July 2010	Present
	Ever Glory International (AMEX)	April 2010	Present
	Keyvean Petrochemicals (OTC.BB)	June 2010	Present
	China Wind Systems (NASDAQ)	March 2008	April 2009
	Prime City (OTC.BB)	September 2004	January 2006

### *Director Orientation and Continuing Education*

Given the current size of the Corporation and the Board, the Corporation provides a limited orientation and education program for new directors. This process includes discussions with the President and other senior management with respect to the business and operations of the Corporation. In addition, each member of the Board and any new member of the Board has available to them the constating documents of the Corporation, as well as the terms of reference or mandates for the Audit Committee of the Board. Each new Board member is also entitled to review all previous minutes of the Board and the Shareholders.

Directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

Directors or a group of directors may also engage outside advisors, at the Corporation's expense, to provide advice with respect to a decision or action of the Corporation upon providing notice thereof to the Corporation.

### *Ethical Business Conduct*

The Board has not adopted specific terms of reference relating to matters concerning duties and responsibilities of members of the Board and general legal obligations. The Board has not established specific terms of reference for the conduct of each individual director.

### *Director Nominations*

Nominees for directors are initially considered and recommended by the President and Chief Executive Officer, and then approved by the entire Board and elected annually by the Shareholders.

At the Meeting, if the Acquisition Resolution is passed, seven (7) members are to be nominated for election to the Board (See "Particulars of Matters to be Acted Upon – Election of Directors"). The Board must have a sufficient number of directors to carry out its duties efficiently, presenting a diversity of views and experience.

### *Compensation*

The Board of Directors has established a compensation committee (the “**Compensation Committee**”), the general function of which is to review the compensation policies of the Corporation and table recommendations to the Board of Directors with respect to:

1. the salary and benefits of the President and Chief Executive Officer and the Chief Operating Officer, and
2. to review the Corporation’s Stock Option Plan and authorize its use, and to determine the number of options, and the terms thereof, that may be issued under the Stock Option Plan during any particular period and to issue or authorize the issuance of such options in accordance with the Stock Option Plan.

It is the objective of the Compensation Committee to endeavour to ensure that the compensation of executive officers is sufficiently competitive to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value. Executive compensation is comprised of three major components: base salaries, a bonus incentive program and incentive stock option plan. The Board has not adopted specific terms of reference for the Compensation Committee.

### *Director Assessment*

The Board of Directors, acting as a whole, is responsible for proposing new nominees to the Board of Directors and for assessing the performance of directors on an ongoing basis. The Board of Directors has not appointed a nominating committee to assess the effectiveness of the Board of Directors as a whole, committees of the Board of Directors and the contribution of individual directors.

### *Board Committees*

The Board of Directors has established the following Board committees comprised of the members set out in the following table.

<b>Committee</b>	<b>Members</b>	<b>Independent</b>
Audit Committee	Ned Studer	Yes
	Mendel Ekstein <sup>(1)</sup>	Yes
	Gerald Goldberg (Chairman of the Audit Committee) <sup>(1)</sup>	Yes
Compensation Committee	Ned Studer	Yes
	Mendel Ekstein <sup>(2)</sup>	Yes
	Gerald Goldberg <sup>(2)</sup>	Yes

#### Notes:

- (1) Messrs. Ekstein and Goldberg were appointed to the Audit Committee on January 7, 2009.
- (2) Messrs. Ekstein and Goldberg were appointed to the Compensation Committee in May 2010.

### **AUDIT COMMITTEE**

#### *Audit Committee Charter*

Attached hereto as Schedule “E” is the text of the Terms of Reference for the Audit Committee.

### *Composition of the Audit Committee*

The Audit Committee of the Corporation (the "Audit Committee") is composed of the following members of the Board of Directors:

<u>Name</u>	<u>Corporate Position</u>	<u>Independent <sup>(1)</sup></u>	<u>Financial Literacy <sup>(1)</sup></u>
Ned Studer	Director	Yes	Yes
Mendel Ekstein <sup>(2)</sup>	Director	Yes	Yes
Gerald Goldberg <sup>(2)</sup> (Chairman of the Audit Committee)	Director	Yes	Yes

#### Notes:

- (1) Terms have their respective meanings ascribed in NI 52-110.  
 (2) Messrs. Ekstein and Goldberg were appointed to the Audit Committee on January 7, 2009.

### *Relevant Education and Experience*

Mr. Studer has a Certified Management Accountant designation and was a finance executive with Impact Energy Ltd. for a number of years. Mr. Studer continues to provide treasury, financial and accounting services to various public and private companies under management consulting service arrangements.

Mr. Ekstein possesses extensive management experience across a wide variety of industries. He has managed large-scale textile manufacturing plants in both South America and the United States. Since 1984, Mr. Ekstein has focused on the insurance and investment industries, developing extensive relationships with national and international insurers and investment houses and building a portfolio of over 3,500 investors. Since December 2007, Mr. Ekstein has served as the President, CEO and a director of Petrolympic Ltd., a junior oil and gas exploration company.

Mr. Goldberg is a Chartered Accountant and has over 30 years experience as an accountant and auditor. Mr. Goldberg is also active in corporate finance and development and is involved with the audits of various public Canadian, U.S. and Chinese companies listed in the U.S. and Canada. Mr. Goldberg is a Senior Partner in the Toronto-based accounting firm of Schwartz Levitsky Feldman LLP which he joined in February 1992.

### *Audit Committee Oversight*

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### *Reliance on Certain Exemptions*

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### *Pre-Approval Policies and Procedures*

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "External Audit and Review" in the Terms of Reference of the Audit Committee.

### *External Auditor Service Fees (By Category)*

The approximate aggregate fees paid by the Corporation to the external auditors of the Corporation in each of the last two financial years for audit fees are described below.

	Fiscal June 30, 2010	Fiscal June 30, 2009
Audit Fees	\$17,000	\$23,036
Audit-related Fees <sup>(1)</sup>	\$Nil	\$Nil
Tax Fees <sup>(2)</sup>	\$Nil	\$Nil
All Other Fees <sup>(3)</sup>	\$Nil	\$Nil
<b>Total</b>	<b>\$17,000</b>	<b>\$23,036</b>

Notes:

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other row, including fees related to the review of the Corporation's Management Discussion & Analysis.

### *Other*

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110 which exempts TSXV issuers from certain portions of NI 52-110.

### **MANAGEMENT CONTRACTS**

Other than as set out under "Information Concerning the Corporation – Executive Compensation – Termination and Change of Control Benefits", the Corporation has not entered into any management contracts or other similar agreements that are still in force as of the date hereof.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

The Board of Directors is not aware of any indebtedness owed or owing by a director, executive officer, a nominee director or an Associate or Affiliate thereof as at the date of this Circular.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as described in "Information Concerning TargetCo. – Interests of Certain Persons in Matters to be Acted Upon" and elsewhere in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, in any matter to be acted upon at the Meeting, other than the election of directors, by way of beneficial ownership of securities or otherwise, of any director or executive officer of the Corporation who has held that position at any time since the beginning of the

Corporation's last financial year ended June 30, 2010, each proposed nominee for election as director of the Corporation and each Associate or Affiliate of any of the foregoing.

#### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed herein, no Informed Person of the Corporation, proposed nominee for election as a director of the Corporation and no Associate or Affiliate of any of the foregoing persons has or has had any material interest, directly or indirectly, in any transaction during the financial year ended June 30, 2010 or in any proposed transaction which, in either such case, has materially affected or will materially affect the Corporation or any of its subsidiaries, except as follows:

Foundation Markets Inc., a company controlled by proposed nominees for election and/or appointment as directors and/or officers of the Corporation, acted as agent to the Corporation in connection with its 2008 private placement and will be acting as co-lead Agent in connection with the RTO Financing. See "Information Concerning TargetCo. – Interests of Certain Persons in Matters to be Acted Upon".

The Corporation purchased securities, on a private placement basis, of Caldera and EnerAsia, as described under "Information Concerning the Corporation – General Development of the Business". In both transactions, Foundation Markets Inc. acted as agent.

Messrs. Goldman, Banks and Szweras, proposed nominees for election and/or appointment as directors and/or officers of the Corporation, have a material interest in the Acquisition. See "Information Concerning TargetCo. – Interests of Certain Persons in Matters to be Acted Upon".

#### **NON-ARM'S LENGTH PARTY TRANSACTIONS**

Other than as described elsewhere in this Information Circular, including the financial statements attached hereto, within the previous two years prior to the date hereof, the Corporation has not obtained or proposed to obtain any assets or services from any director or officer of the Corporation, Insiders, or Associates or Affiliates of the foregoing.

#### **LEGAL PROCEEDINGS**

Management of the Corporation knows of no legal proceedings, contemplated or actual, involving the Corporation which could materially affect the Corporation or the Resulting Issuer after completion of the Acquisition.

There is a possible claim against the Corporation as at March 31, 2011 with regards to a contract signed over 10 years ago for the "Thirsty Traveller I" television series. The Corporation is examining alternatives for determining the validity of the claim and its ultimate disposition. The Corporation believes the claim is without merit and has quantified the maximum exposure at \$60,000. No provision has been made in the Corporation's financial statements, as the outcome is not determinable.

#### **AUDITORS, REGISTRAR AND TRANSFER AGENT**

The current auditors of the Corporation are Collins Barrow Toronto LLP, Chartered Accountants. The Board appointed Collins Barrow Toronto LLP on September 25, 2009 after the resignation of the former auditors MacKay LLP, who were first appointed by the Board as auditors of the Corporation effective June 30, 2005.

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada at its office in Toronto, Ontario.

#### **MATERIAL CONTRACTS**

The Corporation has not entered into any material contracts other than in the ordinary course of business within the previous two years prior to the date hereof, with the exception of:

- the Letter Agreement;
- the Amalgamation Agreement between the Corporation, TargetCo. and Subco;
- the June 21, 2010 amended and restated letter agreement with FFHC (which was superseded and terminated by the Letter Agreement).

Copies of these agreements will be available for inspection at the offices of Fogler, Rubinoff LLP, 95 Wellington Street West, Suite 1200, Toronto, Ontario, during ordinary business hours on any business day up to the closing of the Acquisition and for a period of 30 days thereafter.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation at (403) 290-0040 to request copies of the Corporation's financial statements and Management Discussion and Analysis thereon. Financial information is provided in the Corporation's comparative financial statements and Management Discussion and Analysis thereon for the Corporation's most recently completed financial year

**PART IV  
PARTICULARS OF MATTERS TO BE ACTED UPON**

**FINANCIAL STATEMENTS**

The Shareholders will receive and consider the audited financial statements of the Corporation for the fiscal year ended June 30, 2010 together with the auditor's report thereon.

**APPOINTMENT AND REMUNERATION OF AUDITOR**

Collins Barrow Toronto LLP, Chartered Accountants, at their office at 11 King Street West, Toronto, Ontario M5H 4C7, will be nominated for re-appointment as the Corporation's auditors to hold office until the close of the next annual meeting of Shareholders at such remuneration as may be fixed by the directors of the Corporation. Collins Barrow Toronto LLP was appointed auditor of the Corporation on September 25, 2009 following the resignation on September 25, 2009 of MacKay LLP, Chartered Accountants, of Vancouver, British Columbia, who had acted as the Corporation's auditors since June 30, 2005.

At the Meeting, Shareholders will be asked to approve the appointment of Collins Barrow Toronto LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year.

**THE CORPORATION'S MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE THE COMMON SHARES REPRESENTED BY ANY SUCH PROXY FOR THE APPOINTMENT OF COLLINS BARROW TORONTO LLP, CHARTERED ACCOUNTANTS, AS AUDITOR OF THE CORPORATION AT A REMUNERATION TO BE FIXED BY THE BOARD OF DIRECTORS, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE INSTRUMENT OF PROXY THAT ITS SHARES ARE TO BE WITHHELD FROM VOTING IN THE APPOINTMENT OF AUDITOR. THE INTENTION OF THE CORPORATION'S MANAGEMENT DESIGNEES TO VOTE AS AFORESAID IS NOT DEPENDENT UPON SHAREHOLDER APPROVAL OF THE ACQUISITION RESOLUTION.**

**APPROVAL OF THE ACQUISITION**

At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve, with or without variation, an ordinary resolution to approve the Acquisition, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Acquisition Resolution".

See "Information Concerning the Acquisition and the Supporting Transactions" for a detailed description of the Acquisition. See also "Information Concerning the Resulting Issuer".

In order to be effective, the Acquisition Resolution requires the approval of not less than 50% of the votes cast by the Shareholders represented at the Meeting in person or by proxy.

Even if the Acquisition Resolution is approved, the Board of Directors of the Corporation retains the power to revoke it at all times without any further approval by the Shareholders. The Board of Directors will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation.

**THE CORPORATION'S MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE FOR THE ACQUISITION RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS COMMON SHARES ARE TO BE VOTED AGAINST THE ACQUISITION RESOLUTION.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ORDINARY RESOLUTION, THE FULL TEXT OF WHICH IS SET FORTH IN SCHEDULE "A" TO THIS INFORMATION CIRCULAR, APPROVING THE ACQUISITION.**

#### **SHARE CONSOLIDATION**

In connection with and immediately prior to completion of the Acquisition, the existing Common Shares of the Corporation will be consolidated on the basis of five (5) old Common Shares for one (1) new Common Share (a "**Consolidated Share**"), by amending the Articles of the Corporation. See "Information Concerning the Acquisition and Supporting Transactions – The Acquisition– Share Consolidation".

At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve with or without variation a special resolution to approve the Share Consolidation, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Share Consolidation".

In order to be effective, the Share Consolidation Resolution requires the approval of not less than 66 2/3% of the votes cast by the Shareholders represented at the Meeting in person or by proxy.

Even if the Share Consolidation Resolution is approved, the Board of Directors of the Corporation retains the power to revoke it at all times without any further approval by the Shareholders. The Board of Directors will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation, notably in the event that the Acquisition is not completed.

**THE CORPORATION'S MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE FOR THE SHARE CONSOLIDATION RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS COMMON SHARES ARE TO BE VOTED AGAINST THE SHARE CONSOLIDATION RESOLUTION.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE SPECIAL RESOLUTION, THE FULL TEXT OF WHICH IS SET FORTH IN SCHEDULE "A" TO THIS INFORMATION CIRCULAR, APPROVING THE SHARE CONSOLIDATION.**

#### **NAME CHANGE OF GRASSLANDS ENTERTAINMENT INC. TO "LAKESIDE MINERALS INC."**

Also in connection with the Acquisition, the name of the Corporation is to be changed to "Lakeside Minerals Inc.", or such other name as the Board of Directors may determine.

At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve with or without variation a special resolution to approve the Name Change, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Name Change".

In order to be effective, the Name Change Resolution requires the approval of not less than 66 2/3% of the votes cast by the Shareholders represented at the Meeting in person or by proxy.

Even if the Name Change Resolution is approved, the Board of Directors of the Corporation retains the power to revoke it at all times prior to filing the articles of amendment without any further approval by the Shareholders. The Board of Directors will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation, notably in the event that the Acquisition is not completed.



**THE CORPORATION'S MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE FOR THE NAME CHANGE RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS COMMON SHARES ARE TO BE VOTED AGAINST THE NAME CHANGE RESOLUTION.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE SPECIAL RESOLUTION, THE FULL TEXT OF WHICH IS SET FORTH IN SCHEDULE "A" TO THIS INFORMATION CIRCULAR, APPROVING THE NAME CHANGE.**

#### **ELECTION OF DIRECTORS**

The Articles of the Corporation require a minimum of three (3) director and a maximum of eleven (11) directors. The Board of Directors currently consists of four (4) directors.

If the Acquisition Resolution is passed by the Shareholders, the Shareholders will be asked at the Meeting to consider and, if thought fit, approve with or without variation an ordinary resolution to approve the Election of Directors Resolution, fixing the Board of Directors at seven (7) members, electing seven (7) directors to the Board of Directors, and permitting the directors of the Corporation, in between annual general meetings, to appoint one or more additional directors to the Board of Directors, the full text of which is set forth in Schedule "A" to this Information Circular under the heading "Election of Directors Resolution".

In order to be effective, the Election of Directors Resolution requires the approval of not less than 50% of the votes cast by the Shareholders represented at the Meeting in person or by proxy.

The Election of Directors Resolution, as set out above, is conditional upon the Acquisition Resolution being approved. If the Acquisition Resolution is not passed by the Shareholders, the Corporation proposes to nominate the current four (4) directors for election as directors of the Corporation for the ensuing year. The full text of such resolution is set forth in Schedule "A" to this Information Circular under the heading "Election of Directors Resolution".

The following information relating to the nominees as directors is based on information received by the Corporation from said nominees. Each of the directors of the Corporation will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed.

The following table sets out the names of management's nominees for election as directors of the Corporation **if the Acquisition Resolution is approved**, each nominee's municipality of residence, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular.

<b>Name and Municipality of Residence</b>	<b>Principal Occupation for Last Five Years</b>	<b>Proposed Position(s) with the Corporation</b>	<b>Director Since</b>	<b>Number of Common Shares Beneficially Owned or Controlled<sup>(1)</sup> <sup>(2)</sup></b>
Yannis Banks <i>Toronto, Ontario, Canada</i>	Managing Director, Foundation Markets Inc.	Director	Nominee	Nil
Jeremy Goldman	President, Foundation Markets	Director	Nominee	6,000 <sup>(3)</sup>

<i>Toronto, Ontario, Canada</i>	Inc.			
Scott Jobin-Bevans <sup>(5)</sup> <i>Toronto, Ontario, Canada</i>	Director (Founding Partner), Caracle Creek International Consulting Inc.  President, Chief Executive Officer and Director, Treasury Metals Inc.  1 <sup>st</sup> Vice-President and Director, Prospectors and Developers Association of Canada	Director	Nominee	Nil
Richard Cleath <sup>(5)</sup> <i>Duluth, Minnesota, USA</i>	VP Exploration, U308 Corporation  President and Chief Operating Officer, Alpaca Resources Inc.  VP Exploration, Absolut Resources Corp.	Designated Independent Director	Nominee	Nil
Andres Tinajero <sup>(4)</sup> <i>Toronto, Ontario, Canada</i>	CFO, Vena Resources Inc.	Designated Independent Director	Nominee	Nil
Jean-Pierre Chauvin <sup>(4)(5)</sup> <i>Oakville, Ontario, Canada</i>	President, Chauvin Engineering Ltd.	Designated Independent Director	Nominee	Nil
Jean-Francois Pelland <sup>(4)</sup> <i>Montreal, Quebec, Canada</i>	Partner, McMillan Binch LLP Director, Nevada Exploration Inc.	Designated Independent Director	Nominee	Nil

## Notes:

- (1) Voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly as at the date of this Information Circular. Information regarding voting securities held does not include voting securities issuable upon the exercise of options, warrants or other convertible securities of the Corporation. Information furnished by the respective director nominees.
- (2) Without giving effect to the Share Consolidation or the Acquisition.
- (3) In addition to the Common Shares disclosed in the table above, FFHC, a corporation controlled by, inter alia, Messrs. Goldman and Banks, owns 387,650 Common Shares. FFHC and its Affiliates, Associates and Control Persons will indirectly own and control, after the Closing of the Acquisition, approximately 3,347,630 Common Shares, or approximately 16.89% of the issued and outstanding Common Shares (without giving effect to the RTO Financing).
- (4) Proposed member of the Audit Committee.
- (5) Proposed member of the Compensation Committee.

The following table sets out the names of management's nominees for election as directors of the Corporation if the **Acquisition Resolution is not approved**, each nominee's municipality of residence, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Information Circular.

<u>Name and Municipality of Residence</u>	<u>Principal Occupation for Last Five Years</u>	<u>Proposed Position with the Corporation</u>	<u>Director Since</u>	<u>Number of Common Shares Beneficially Owned or Controlled <sup>(1)(2)</sup></u>
James W. Ripley <i>Calgary, Alberta, Canada</i>	President and Chief Executive Officer of the Corporation since July 11, 2001.	Director, President and Chief Executive Officer	July 11, 2001	1,471,744
Ned Studer <sup>(3)(4)</sup> <i>Calgary, Alberta, Canada</i>	May 2004 to present, Principal of N Studer Petromanagement Ltd., providing management consulting services and prior	Director	July 11, 2001	135,000

	thereto was Treasurer and Chief Financial Officer with Impact Energy Inc. a publicly traded oil and natural gas company.			
Mendel Ekstein <sup>(3)</sup> <sup>(4)</sup> <i>Monroe, New York, USA</i>	President, Chief Executive Officer and Director, Petrolympic Ltd., a public junior oil and gas company.	Director	December 11, 2008	168,500 <sup>(5)</sup>
Gerald Goldberg <sup>(3)</sup> <sup>(4)</sup> <i>Thornhill, Ontario, Canada</i>	Partner, Schwartz, Levitsky, Feldman, LLP, Chartered Accountants.	Director	December 11, 2008	100,000

## Notes:

- (1) Voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly as at the date of this Information Circular. Information regarding voting securities held does not include voting securities issuable upon the exercise of options, warrants or other convertible securities of the Corporation. Information furnished by the respective director nominees.
- (2) Without giving effect to the Share Consolidation or the Acquisition.
- (3) Current member of the Audit Committee.
- (4) Current member of the Compensation Committee.
- (5) Direction or control over 68,500 of such Common Shares exercised by Brocha Ekstein.

The foregoing information has been furnished by the respective proposed director.

As of the date hereof, no director to be nominated for election at the Meeting:

- (a) is at the date of this Information Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
- (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is at the date of this Information Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while such nominee was acting in that capacity, or within a year of such nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee.

For the purposes of the above section, the term "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or

- (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

In addition, as of the date hereof, no director to be nominated for election at the Meeting has been subject to:

- (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

**THE CORPORATION'S MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE FOR THE ELECTION OF SAID PERSONS TO THE BOARD. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS; HOWEVER, IF, FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT DESIGNEES WILL BE VOTED FOR ANOTHER NOMINEE IN THE DISCRETION OF THE PROXYHOLDERS UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING FOR THE ELECTION OF DIRECTORS.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF DIRECTORS RESOLUTION, THE FULL TEXT OF WHICH IS SET FORTH IN SCHEDULE "A" TO THIS INFORMATION CIRCULAR, ELECTING THE SAID PERSONS.**

#### **CONTINUANCE UNDER THE OBCA**

At the Meeting, the Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, the Continuance Resolution approving the application of the Corporation for continuance under the laws of the Province of Ontario (the "**Continuance under the OBCA**").

The Corporation is currently existing under the laws of the Province of Alberta pursuant to articles of amalgamation filed under the ABCA. See "Information Concerning the Corporation – Corporate Structure". Following completion of the Acquisition, the Corporation's operating subsidiary will be Amalco, a corporation existing under the OBCA with substantially all of its assets located in Ontario and Quebec. The Corporation will thus cease to have any tangible connection to Alberta. Furthermore, after the Closing of the Acquisition (and assuming the Election of Directors Resolution is approved), a majority of the directors and officers of the Corporation are expected to reside in the Province of Ontario, and as the Corporation is principally administered from the Province of Ontario, the directors of the Corporation have determined that it is in the best interests of the Corporation that it continue as a corporation under the OBCA.

In order to be effective, the Continuance Under the OBCA Resolution requires the approval of not less than 66 2/3% of the votes cast by the Shareholders represented at the Meeting in person or by proxy. Management of the Corporation recommends that Shareholders vote in favour of the Continuance Resolution. The full text of the Continuance Resolution is set out in Schedule "A" attached to this Information Circular under the heading "Continuance Resolution". A copy of the proposed articles of continuance are attached to this Information Circular as Schedule "B(2)".

Even if the Continuance Resolution is approved, the Board of Directors retains the power to revoke it at all times prior to filing the articles of continuance without any further approval by the Shareholders. The Board of Directors will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation, notably in the event that the Acquisition is not completed.

**THE CORPORATION'S MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE FOR THE CONTINUANCE RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS COMMON SHARES ARE TO BE VOTED AGAINST THE CONTINUANCE RESOLUTION.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE SPECIAL RESOLUTION, THE FULL TEXT OF WHICH IS SET FORTH IN SCHEDULE "A" TO THIS INFORMATION CIRCULAR, APPROVING THE CONTINUANCE UNDER THE OBCA.**

#### *Continuance into Ontario and Adoption of New Articles*

Upon the Continuance Under the OBCA, the ABCA will cease to apply to the Corporation and the Corporation will thereupon become subject to the OBCA as if it had been originally incorporated as an Ontario corporation. The Continuance Under the OBCA will not result in any change in the business of the Corporation or its assets, liabilities, net worth or management, other than such changes of the Corporation associated with the Closing of the Acquisition (see "Information Concerning the Resulting Issuer"). The ABCA currently governs the corporate affairs of the Corporation and restricts the jurisdictions into which a corporation may continue. The Registrar of Corporations under the ABCA must authorize the proposed Continuance into the Province of Ontario, upon being satisfied that the Continuance will not adversely affect creditors or shareholders of the Corporation.

#### *Continuance Corporate Governance Differences*

The following is a summary only of certain differences between the OBCA, the statute that will govern the affairs of the Corporation upon the Continuance, and the ABCA, the statute which currently governs the affairs of the Corporation.

**This summary is not an exhaustive review of the two statutes and is of a general nature only. This summary is not intended to be, and should not be construed as, legal advice to any particular holder of Common Shares and accordingly, Shareholders should consult their own legal advisors with respect to the corporate law consequences arising from the Continuance.**

#### **Charter Documents**

Under the ABCA and OBCA, a corporation has "articles", which set forth, among other things, the name of the corporation and amount and type of authorized capital, and "by-laws", which govern the management of a corporation. The articles are filed with the Registrar and Director under the ABCA and OBCA, respectively, and the by-laws are kept at the corporation's registered office.

The Continuance and the adoption of the articles of continuance will not result in any substantive changes to the constitution, powers or management of the Corporation, except as otherwise described herein.

### **Amendment to Charter Documents**

Under the ABCA and OBCA, substantive changes to a corporation's articles, such as a change in name and alterations to a corporation's authorized capital, require a special resolution passed by not less than two-thirds (66 2/3%) of the votes cast by the shareholders voting on the resolution. Furthermore, certain amendments to the articles, such as increases or decreases in the authorized capital and changes in the rights attaching to classes of shares, specifically require approval by special resolution by the holders of shares of each of the affected classes or series.

### **Sale of All or Substantially all of the Property of the Corporation**

The ABCA and OBCA require approval by special resolution passed by not less than two-thirds (66 2/3%) of the votes cast by the holders of common shares, present in person or by proxy, at a duly called meeting upon a sale, lease or exchange of all or substantially all of the property of a corporation. Holders of shares of a class or series may vote separately as a class or series if they are affected in a manner different from holders of shares of another class or series. Furthermore, each share of a corporation carries the right to vote on such a resolution by class or series shareholders, notwithstanding that it otherwise does not carry the right to vote.

### **Rights of Dissent and Appraisal**

The ABCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase their shares at fair value. This dissent right is applicable where a corporation proposes to:

- (a) amend its articles to add, change or remove any provision restricting or constraining the issue or transfer of shares of that class;
- (b) amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on;
- (c) amend its articles to add or remove an express statement establishing the unlimited liability shareholders;
- (d) enter into certain amalgamations;
- (e) continue out of the jurisdiction; and
- (f) sell, lease or exchange all or substantially all of its property.

The OBCA provides a similar dissent remedy, although the procedure for exercising this remedy differs from that set forth in the ABCA and some of the circumstances where the right to dissent arise are different.

### **Oppression Remedies and Shareholder Derivative Actions**

Both the ABCA and OBCA provide an oppression remedy whereby a shareholder, former shareholder, director, former director, officer, or former officer of a corporation or any of its affiliates, a creditor in certain circumstances, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, may apply to a court for an order the court thinks fit where, in respect of a corporation or any of its affiliates, any act or omission effects a result, or the business or affairs are or

have been carried on or conducted in a manner, or the powers of the directors are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer. Furthermore the ABCA and OBCA have the same broad rights with respect to who is a proper person to make an application to court to bring a derivative action.

### **Requisition of Meetings**

Both the ABCA and the OBCA provide that one or more shareholders of a corporation holding not less than 5% of the issued voting shares may give notice to the directors requiring them to call and hold a meeting.

### **Place of Meeting**

The ABCA provides that meetings of shareholders must be held in Alberta, unless a corporation's articles provide otherwise. Subject to the articles or any unanimous shareholder agreement, the OBCA permits meetings of shareholders to be held inside or outside of Ontario.

### **Directors**

The ABCA and OBCA both provide that a public corporation must have a minimum of three directors and that at least 25% of the directors must be resident Canadians.

### **Further Information**

For further information regarding the differences between the ABCA and the OBCA, shareholders should consult their legal advisors and refer to the statutes.

### *Dissent Rights to Continuance Resolution*

**The following description of the rights of dissent and appraisal to which registered shareholders who dissent to the Continuance (the "Dissenting Shareholders") are entitled is not a comprehensive statement of procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of Common Shares and is qualified in its entirety by Section 191 of the ABCA which is included as Schedule "B(1)" to this Information Circular. A Shareholder who intends to exercise the right of dissent and appraisal should carefully consider and comply with the provisions of Section 191 of the ABCA and should seek legal advice. Failure to comply with the provisions of Section 191 of the ABCA and to adhere to the procedures established therein may result in the loss of all rights thereunder.**

Under the ABCA, registered shareholders are entitled, in addition to any such other right such holder may have, to dissent to the Continuance and to be paid the fair value of the common shares held by such holder in respect of which such holder dissents. The fair value of the common shares is determined as of the close of business on the last business day before the day on which the Continuance Resolution from which the holder dissents is adopted. A Dissenting Shareholder may dissent only in respect of all of the Common Shares held by the Dissenting Shareholder or on behalf of any one beneficial owner whose securities are registered in the Dissenting Shareholder's name. The demand for appraisal must be executed by or for the shareholder of record, fully and correctly, as such shareholder's name appears on the shareholder's share certificates. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand should be made in that capacity, and if the shares are owned of record by more than one person, as in a joint tenancy or a tenancy in common, the demand should be made by or for all owners of record. An authorized agent, including one or more joint owners, may

execute the demand for appraisal for a shareholder of record; however, such agent must identify the registered owner or owners and expressly identify the registered owner or owners, and expressly disclose in such demand that the agent is acting as agent for the registered owner or owners.

**Only registered shareholders may dissent. Beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered owner of such shares. A registered shareholder such as a broker who holds Common Shares as nominee for beneficial owners, some of whom may desire to demand appraisal, must exercise dissent rights on behalf of such beneficial owners with respect to the shares held for such beneficial owners. In such case, the demand for appraisal should set forth the number of Common Shares covered by it.**

A Dissenting Shareholder must send to the Corporation a written objection to the Continuance Resolution, which written objection must be received by the Corporate Secretary of the Corporation, at or before the Meeting in order to be effective. A Shareholder is not entitled to dissent with respect to the Continuance Resolution if he or she votes in favour of the Continuance Resolution. An application may be made to the Court of Queen's Bench of Alberta (the "Court") to fix the fair value of the Dissenting Shareholder's Common Shares after the adoption of the Continuance Resolution. If an application to the Court is made, the Corporation must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay the shareholder an amount considered by the Board to be the fair value of the Common Shares. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if the Corporation is the applicant, or within 10 days after the Corporation is served with notice of the application, if a shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with the Corporation for the purchase of the Dissenting Shareholder's Common Shares in the amount of the Corporation's offer (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Common Shares. A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Common Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against the Corporation and in favour of each of those Dissenting Shareholders and fixing the time within which the Corporation must pay that amount to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a shareholder until the date of payment.

After the Continuance becomes effective, or after an agreement between the Corporation and the Dissenting Shareholder is made, or upon the pronouncement of a court order, whichever first occurs, the Dissenting Shareholder will cease to have any rights as a Shareholder other than the right to be paid the fair value of the Common Shares in the amount agreed between the Corporation and the Dissenting Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Shareholder may withdraw his or her dissent, or the Corporation may rescind the resolution with respect to which the Shareholder dissented and, in either event, the dissent and appraisal proceedings in respect of that shareholder will be discontinued.

#### **APPROVAL OF 10% ROLLING STOCK OPTION PLAN**

On December 9, 2004, Shareholders approved the establishment of the Stock Option Plan, pursuant to which the number of Common Shares reserved for issuance upon the exercise of options was fixed at



2,519,255 Common Shares. For a description of the current Stock Option Plan, see "Information Concerning the Corporation – Stock Option Plan".

Shareholders are being requested to pass a resolution, the text of which is set forth in Schedule "A" attached hereto, approving the replacement of the current fixed Stock Option Plan, pursuant to which the maximum number of Common Shares reserved for issuance upon the exercise of options is fixed at 2,519,255, with a new "rolling" Stock Option Plan (the "**Rolling Plan**"), pursuant to which the maximum number of Common Shares reserved for issuance upon the exercise of options is equal to 10% of the issued Common Shares at the time of the stock option grant.

The following information is intended to be a brief description of the Rolling Plan and is qualified in its entirety by the full text of the Rolling Plan. A copy of the Rolling Plan, in the form approved by the Board of Directors, is attached as Schedule "C" to this Information Circular.

The Rolling Plan is administered by the Board, which has full and final authority with respect to the granting of all options thereunder subject to the requirements of the TSXV. Options may be granted under the Rolling Plan to such directors, officers, employees or consultants of the Corporation and its affiliates, if any, as the Board may from time to time designate.

Under the policies of the TSXV, options granted under such a rolling plan are not required to have a vesting period, although the directors may continue to grant options with vesting periods, as the circumstances require. The Rolling Plan authorizes the Board to grant stock options to the optionees on the following terms:

1. The number of shares subject to each option is determined by the Board provided that the Rolling Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12 month period, result in:
  - (a) the number of shares reserved for issuance pursuant to stock options granted to any one person exceeding 5% of the issued shares of the Corporation;
  - (b) the issuance, within a one year period, to insiders of the Corporation of a number of shares exceeding 10%, or to one insider of a number exceeding 5%, or to a consultant of a number exceeding 2%; or to an employee (as defined by the TSXV) who provides Investor Relations services of a number exceeding 2% of the issued shares of the Corporation.
2. The aggregate number of shares which may be issued pursuant to options granted under the Rolling Plan, may not exceed 10% of the issued and outstanding shares of the Corporation as at the date of the grant.
3. The exercise price of an option may not be set at less than the discounted market price (as defined by the TSXV) during the trading day immediately preceding the date of grant of the option.
4. The options may be exercisable for a period of up to 10 years.
5. The options are non-transferable or assignable, except in certain circumstances. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Rolling Plan or within a period of not more than 90 days (30

days for providers of investor relations services) after ceasing to be an eligible optionee or, if the optionee dies, within one year from the date of the optionee's death.

6. On the occurrence of a takeover bid, issuer bid or going private transaction, the Board will have the right to accelerate the date on which any option becomes exercisable.

The Rolling Plan must be confirmed and ratified yearly by the Shareholders in order to re-set the number of shares that can be granted under the Rolling Plan. If Shareholder approval of the Rolling Plan is obtained, any options granted or amendments made to options previously granted pursuant to the Rolling Plan will not require further shareholder approval although notice of options granted under the Rolling Plan must be given to the TSXV.

In order to be effective, the Rolling Plan Resolution requires the approval of not less than 50% of the votes cast by the Shareholders represented at the Meeting in person or by proxy. The Rolling Plan Resolution must also receive approval of the TSXV in order to be effective. Management of the Corporation recommends that Shareholders vote in favour of the Rolling Plan Resolution. The full text of the Rolling Plan Resolution is set out in Schedule "A" attached to this Information Circular under the heading "Rolling Plan Resolution".

Even if the Rolling Plan Resolution is approved, the Board of Directors retains the power to revoke it at all times without any further approval by the Shareholders. The Board of Directors will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation.

**THE CORPORATION'S MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE FOR THE ROLLING PLAN RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS COMMON SHARES ARE TO BE VOTED AGAINST THE ROLLING PLAN RESOLUTION.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ORDINARY RESOLUTION, THE FULL TEXT OF WHICH IS SET FORTH IN SCHEDULE "A" TO THIS INFORMATION CIRCULAR, APPROVING THE ROLLING PLAN.**

## **PART V INFORMATION CONCERNING TARGETCO.**

### **CORPORATE STRUCTURE**

TargetCo. is a corporation which was incorporated as Alpaca Holdings Inc. pursuant to the provisions of the OBCA on August 21, 2007. On November 15, 2010, TargetCo. changed its name to "Lakeside Minerals Corp." pursuant to articles of amendment.

The registered and head office of TargetCo. is located at 95 Wellington St. W., Suite 1200, Toronto, Ontario, M5J 2Z9.

### **INTERCORPORATE RELATIONSHIPS**

TargetCo. has no subsidiaries.

### **GENERAL DEVELOPMENT OF THE BUSINESS**

TargetCo. did not carry out any commercial activity until the fiscal year ended January 31, 2011. TargetCo. is engaged in the acquisition, exploration and development of mineral resource properties in Canada. TargetCo. is in the process of exploring, and has not yet determined whether there are economically viable reserves on the properties it has optioned. To date TargetCo. has not earned revenue from its optioned mineral properties and is considered to be in the development stage.

On January 20, 2011, TargetCo. entered into an arm's length binding letter agreement pursuant to which Grasslands and TargetCo. agreed to complete a Reverse Take Over. The letter agreement was amended and restated as of May 31, 2011.

For all major financings completed by TargetCo., please refer to the table under the section entitled "Information Concerning TargetCo. - Prior Sales".

### **NARRATIVE DESCRIPTION OF THE BUSINESS**

TargetCo. is an early stage mining exploration company with interests in Quebec, Canada.

During the period of October 19, 2010 to December 7, 2010, TargetCo. entered into a series of option agreements to acquire various mining claims. Such claims have been group into subcategories as follows:

1. Dufay Claims
2. Disson Claims
3. Launay Claims
4. Quevillon Claims
5. Kipawa Claims
6. 21M16 Claims
7. Uranium 22B15 Claims.

The Uranium 22B15 option agreement was terminated and replaced with other claims on March 31, 2011.

TargetCo. is currently focused on the exploration of gold in the Dufay, Disson and Launay regions of Quebec, Canada. TargetCo. intends to develop the other claims in the future.

The following property descriptions include quoted historical exploration results. These are derived from filed assessment reports and governmental databases. TargetCo. has not independently verified these results. Selected historical exploration highlight results may not be indicative of average grades. Mineralization or historical exploration highlights on properties adjacent to TargetCo.'s properties is not indicative of mineralization or similar grades on TargetCo.'s properties.

### ***Dufay Property***

Caracle Creek International Consulting Inc. ("CCIC") of Sudbury, Ontario, Canada was contracted by TargetCo. to review the Dufay Property, and prepare an Independent Technical Report, compliant with National Instrument 43-101 ("NI 43-101"), companion policy NI43-101CP and Form 43-101F1.

The following summary of the Dufay claims has been prepared on the authority of Ms. Jenna McKenzie, Ms. Mary Kearney and Ms. Julie Palich, and has been reviewed and signed off by Mr. Felix Lee of ACA Howe International Limited ("ACA Howe"). Each of Ms. McKenzie, Ms. Kearney, Ms. Palich and Mr. Lee is a "qualified person" (the "Qualified Persons") within the meaning of NI 43-101 and the Dufay Report was prepared in accordance with NI 43-101. All summaries, and references to, the Dufay Report are qualified in their entirety by reference to the complete text of the Dufay Report. The Dufay Report is available for examination during the normal business hours of TargetCo. at 95 Wellington St. West, Toronto, Ontario, during ordinary business hours on any business day up to the Closing of the Acquisition and for a period of 30 days thereafter.

### **Property Description and Location**

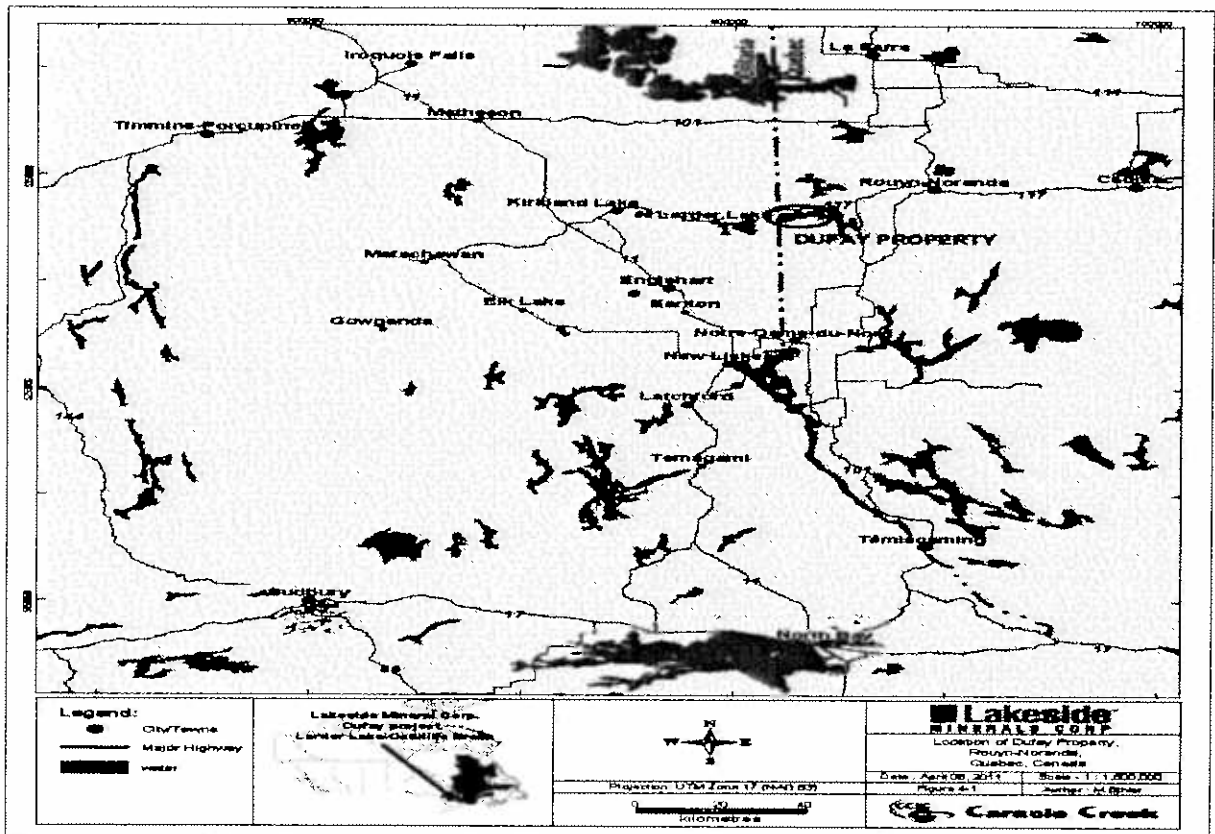
The Dufay Property is located approximately 40 km west of Rouyn-Noranda, Quebec in the Rouyn-Noranda Mining District adjacent to Highway 117 between Rouyn-Noranda, Quebec and Kirkland Lake, Ontario. The claims are centered approximately 40 km west of Noranda, south of Highway 117 adjacent to the Ontario border. The Dufay Property is geographically centered at approximately NAD83, UTM Zone 17N 615921 mE, 5331367 mN or in latitude and longitude at 48.125° N, -79.4422° W. The Dufay Property lies within the National Topographic System (NTS) map sheets 32D03 and 32D04. The Dufay Property consists of 53 contiguous unpatented mining claims covering 2,763 hectares located in the northwest area of Dufay Township, Quebec.

## Dufay Property Claim Information

2233092	32D04 X 0014 0059 0	57.0	11/05/2010	10/05/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204212	32D03 X 0015 0008 0	57.0	03/02/2010	02/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204207	32D03 X 0015 0003 0	57.0	03/02/2010	02/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204210	32D03 X 0015 0006 0	57.0	03/02/2010	02/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2233090	32D03 X 0016 0001 0	57.0	11/05/2010	10/05/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204912	32D03 X 0017 0014 2	0.0	11/02/2010	10/02/2012	\$ 500.00	\$ -	Mundiregina Resources Canada Inc.
2204894	32D03 X 0016 0003 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2220369	32D04 X 0016 0060 0	57.0	26/04/2010	25/04/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2215240	32D03 X 0014 0001 0	57.0	16/04/2010	15/04/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204209	32D03 X 0015 0005 0	57.0	03/02/2010	02/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2220368	32D04 X 0016 0059 0	57.0	26/04/2010	25/04/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204202	32D03 X 0014 0002 0	57.0	03/02/2010	02/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204895	32D03 X 0016 0004 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204203	32D03 X 0014 0003 0	57.0	03/02/2010	02/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2252193	32D04 X 0016 0058 0	6.0	30/09/2010	29/09/2012	\$ 500.00	\$ -	Mundiregina Resources Canada Inc.
2204911	32D03 X 0017 0014 1	32.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204896	32D03 X 0016 0008 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2252191	32D04 X 0015 0058 0	7.0	30/09/2010	29/09/2012	\$ 500.00	\$ -	Mundiregina Resources Canada Inc.
2204907	32D03 X 0018 0014 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204908	32D03 X 0018 0015 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2220367	32D04 X 0015 0059 0	57.0	26/04/2010	25/04/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204898	32D03 X 0016 0010 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2233089	32D03 X 0013 0001 0	57.0	11/05/2010	10/05/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204902	32D03 X 0017 0011 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2252192	32D04 X 0015 0060 0	57.0	30/09/2010	29/09/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204913	32D03 X 0018 0016 1	36.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204206	32D03 X 0015 0002 0	57.0	03/02/2010	02/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2215242	32D04 X 0014 0060 0	57.0	16/04/2010	15/04/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204901	32D03 X 0016 0013 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204905	32D03 X 0018 0012 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204897	32D03 X 0016 0009 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204893	32D03 X 0016 0002 0	57.0	11/02/2010	10/02/2012	\$ 1,200.00	\$ -	Mundiregina Resources Canada Inc.

2204909	32D03 X 0016 0014 1	37.0	11/02/2010	10/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204904	32D03 X 0017 0013 0	57.0	11/02/2010	10/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204205	32D03 X 0015 0001 0	57.0	03/02/2010	02/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2252190	32D04 X 0014 0058 0	7.0	30/09/2010	29/09/2012	\$ 500.00	\$ -	Mundiregina Resources Canada Inc.
2204903	32D03 X 0017 0012 0	57.0	11/02/2010	10/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2215241	32D04 X 0013 0060 0	57.0	16/04/2010	15/04/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204900	32D03 X 0016 0012 0	57.0	11/02/2010	10/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204899	32D03 X 0016 0011 0	57.0	11/02/2010	10/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204211	32D03 X 0015 0007 0	57.0	03/02/2010	02/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2233091	32D04 X 0013 0059 0	57.0	11/05/2010	10/05/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2220366	32D03 X 0017 0010 0	57.0	26/04/2010	25/04/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204208	32D03 X 0015 0004 0	57.0	03/02/2010	02/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204910	32D03 X 0016 0015 1	55.0	11/02/2010	10/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204906	32D03 X 0018 0013 0	57.0	11/02/2010	10/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
2204204	32D03 X 0014 0004 0	57.0	03/02/2010	02/02/2012	\$1,200.00	\$ -	Mundiregina Resources Canada Inc.
103279	32D03 X 0017 0005 0	57.0	15/11/2005	14/11/2011	\$1,200.00	\$ 2,964.38	Jean Robert
103281	32D03 X 0017 0007 0	57.0	15/11/2005	14/11/2011	\$1,200.00	\$ -	Jean Robert
2181771	32D03 X 0016 0005 0	57.0	27/03/2009	26/03/2011*	\$1,200.00	\$ -	Diane Audet
2162327	32D03 X 0016 0006 0	57.0	25/06/2008	24/06/2012	\$1,200.00	\$ 573.14	Jean Robert
2162328	32D03 X 0016 0007 0	57.0	25/06/2008	24/06/2012	\$1,200.00	\$ -	Jean Robert
103280	32D03 X 0017 0006 0	57.0	15/11/2005	14/11/2011	\$1,200.00	\$18,282.38	Jean Robert

\*a renewal application for this claim has been submitted and is being processed as of the effective date the Dufay Report



#### Location of Dufay Property in Rouyn-Noranda, Quebec

All claims are currently in good standing. Tenure information was obtained from the Mining Claim Information web pages of Quebec Department of Natural Resources and Wildlife ("MRNF") (Ministry of Natural Resources and Wildlife, Quebec, 2005).

#### Ownership

TargetCo. entered into an option agreement dated October 13, 2010 with Mundiregina Resources Canada Inc., Les Explorations Carat Inc. and Diane Audet to acquire all rights, title and interest in the Dufay Property comprising 53 unpatented mining claims covering 2,763 hectares in Dufay and Dassart Townships in Quebec.

Terms of the option agreement include:

1. Issue 1,000,000 common shares of TargetCo. and \$25,000.00 to the vendors.

2. Further compensation of:
  - (a) \$50,000.00 and 250,000 common shares of TargetCo. on the first anniversary of the option agreement
  - (b) \$75,000.00 and 250,000 common shares of TargetCo. on the second anniversary of the option agreement
  - (c) \$100,000.00 and 1,000,000 common shares of TargetCo. on the third anniversary of the option agreement.
3. Complete a reverse take-over transaction with reporting issuer and list on TSX Venture Exchange.
4. Within the first 18 months spend \$500,000.00 in exploration on mining claims and an additional \$500,000.00 within the second 18 months of execution of option agreement.

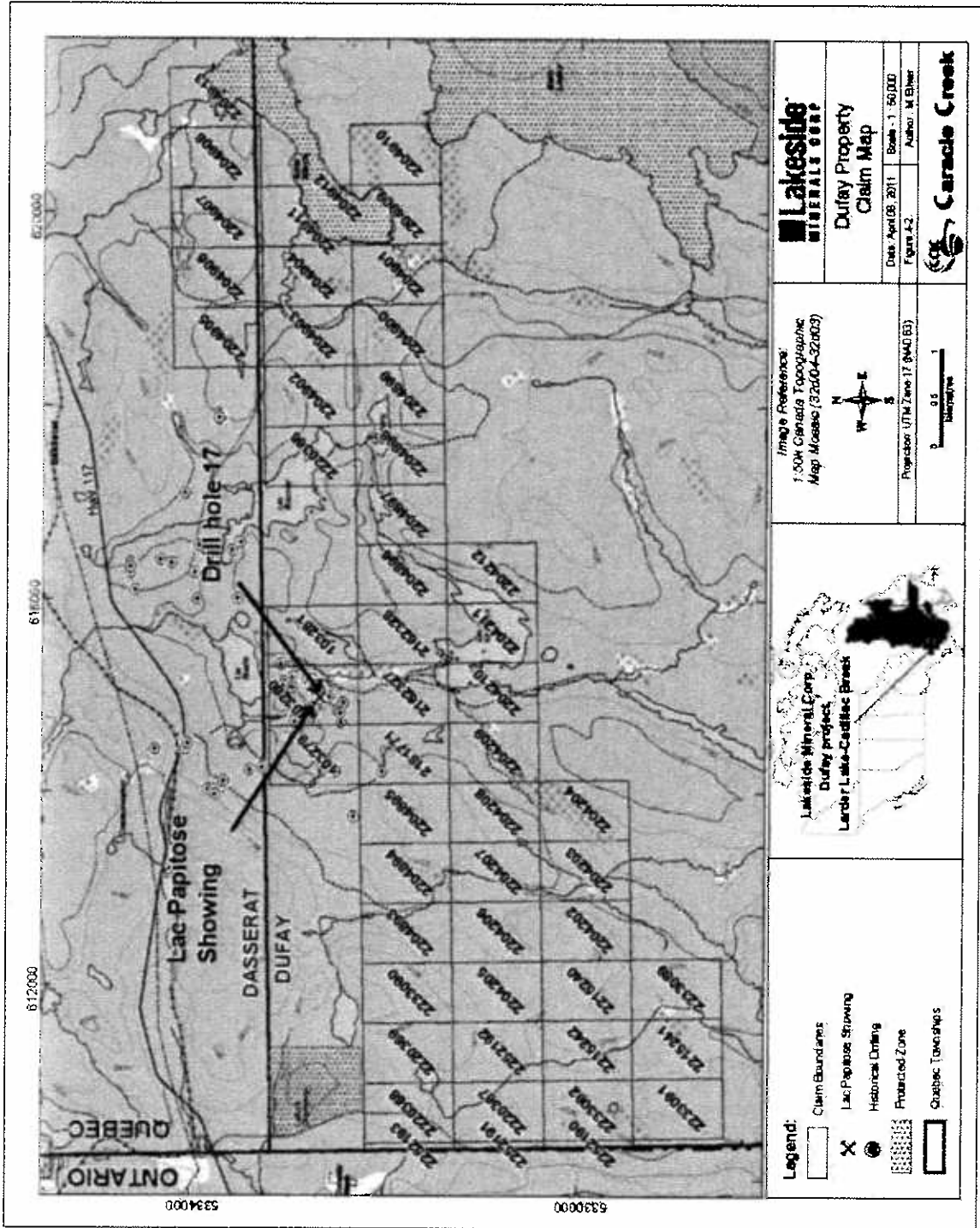
A 2% NSR is payable to the vendors. TargetCo. maintains the right to acquire half (1%) of the NSR from the vendors upon payment of \$500,000.00.

Surface tenure information was provided by the MRNF through the SITAT database for the townships of Dufay and Dassarat, current to September 1<sup>st</sup>, 2005. The following Lots and Ranges correspond to the Dufay Property: Dassarat Township: Range I, Lot 30-43; Dufay Township: Range VIII, Lot 1-15, Range IX, Lot 1-40, and Range X, Lot 1-40. According to this information, no surface tenure exists on the Dufay Property. The surface rights are therefore likely deferred to the Crown, however this can be confirmed by the work of a private surveyor (based on a discussion with Aurélie Couture-Boissinot of the MRNF). Surface rights transactions dating after September 1<sup>st</sup> 2005 are recorded with the Registre Foncier du Quebec. The Qualified Persons have not conducted an extensive review of the Surface Rights for the Dufay Property for the purposes of the Dufay Report. There are no issues with respect to legal access to the Dufay Property.

To the best of the Qualified Persons knowledge, there are no known royalties, back-in rights, payments and other agreements and encumbrances on the Dufay Property other than the agreement between Lakeside and the vendors. To the best of the Qualified Persons knowledge, there are no environmental liabilities on the Dufay Property.

The Qualified Persons are unaware of any other significant factors and risks that may affect access, title, or the right or ability to perform work on the Dufay Property.





*Dufay Property Claim Map Accessibility, Climate, Local Resources, Infrastructure, and Physiography*

### **Access**

The Dufay Property can be accessed by driving 40 kilometres from Rouyn-Noranda westward on Hwy. 117 to the Ontario-Quebec provincial boundary, then southwards along an access road for a distance of 2 kilometres. From here a secondary road then leads south-east to the western Dufay Property claims. The eastern Dufay Property claims are approximately a distance of 38 kilometres west of the city of Rouyn-Noranda. Many logging, recreational and mining secondary access roads allow access to the Dufay Property.

### **Physiography, Climate and Vegetation**

The Dufay Property is located in the Abitibi lowlands in the immediate area of the Larder Lake – Cadillac Deformation Zone, a major regional crustal break that trends from the Ontario-Quebec border eastwards towards the city of Rouyn-Noranda. The local terrain is rolling, characterized by many high ridges that are abruptly broken by low swampy areas and predominantly wooded with coniferous forests mainly black spruce and dotted by numerous lakes and streams.

Overburden consists of till covered by lake deposits and more recent organic matter (marsh and bog), alluvial deposits associated with flood plains and soils. Generally there is limited outcrop except on hilly areas and lake shores. The younger sediments give hilly and locally steep terrain. Average elevation is 300 metres and maximum elevation is 450 metres.

The regional climate can be described as modified continental with short, warm summers and long cold winters. The daily average temperatures in summer reach a maximum of 24°C while daily average winter temperatures is -23.6°C. The region receives an average of 58.74cm of rain and 288.9cm of snow a year. In some parts of the claims winter allows more practical access when swamps and lakes are frozen.

### **Infrastructure and Local Resources**

Local resources and infrastructure are good in the area. The Town of Larder Lake is approximately 15 kilometres west of the interprovincial Ontario-Quebec border, Rouyn-Noranda is approximately 40 kilometres to the east of the Dufay Property. The closest airport is located in Rouyn-Noranda. This area is part of a long history of mining and exploration from Kirkland Lake, Noranda and Val d'Or, Quebec. These towns provide an ample workforce of trained miners and exploration geologists and prospectors, transportation including rail, air and road, and good infrastructure. Supplies and services of all types are available especially in Rouyn-Noranda. Motels, hotels and lodges afford good lodging in summer and winter.

The electrical power grid is easily within reach and the Canadian National Railway (CNR) and a natural gas trunk line run parallel to Highway 117 and are accessible from the Dufay Property. Water is available from local lakes and rivers.

The Dufay Property is in the exploration stage and does not yet have NI 43-101 compliant resources; therefore, discussion on the sufficiency of surface rights for mining operations, potential tailings storage areas, potential waste disposal areas, heap leach pad areas and potential processing plant sites was not explored.

### **History**

The following history of the Dufay Property was compiled from extensive review of the Quebec Ministère de Ressources Naturelles et de la Faune ("MRNF") Assessment Files. These files are assigned a

prefix of 'GM' or "RP" and are found on the MRNF website SIGEOM (<http://www.mrnfp.gouv.qc.ca/produits-services/mines.jsp>). All historical information listed in this section identifies the source and date of this information as well as relevance and reliability. No mining production has been completed on the Dufay Property.

Historic reporting on the Dufay Property often quotes copper assay results in percentage (% copper) format and gold assay results in Dollars per ton ("\$/ton gold"). The Qualified Persons have elected to quote these historic prices. Where possible, the Qualified Persons have quoted historic prices directly from MRNF Assessment reports. Otherwise, a table published by the National Mining Association ("NMA") titled "Historical Gold Prices – 1833 to Present" presents the average price of gold per troy ounce per year dating back to 1833. This table has been used throughout this report to convert historic gold assay results from \$/ton gold to grams gold per metric tonne ("g/t Au"). The Qualified Persons have not conducted an extensive research of the historic gold benchmarks. The Qualified Persons also assume that historic prices are quoted in United States Dollars ("USD"). Given this information, the intent of this conversion is to estimate grams per metric tonne ("g/t Au") where quoted in historic reports. The Qualified Persons have not verified any of the historic drill or assay results. This information cannot be relied upon for accuracy.

All historical work discussed below was conducted within the current bounds of the TargetCo. Dufay Property, with the majority of work focused within claim cell 103280 and its immediate vicinity. Historical work that extended outside the current bounds of the TargetCo. Dufay Property is distinguished in the text below.

#### Carlson Copper Syndicate (1928-1937)

The Dufay Property was first staked in 1928 by a group known as Carlson Copper Syndicate (MRNF Assessment File: GM 37268, 1980). It was prospected for copper at that time, when copper-rich float was found on an adjacent north-eastern claim. Trenching and test pitting was conducted in 1928 and 1929 (MRNF Assessment Files: GM 09721, 1939 and GM 37268, 1980).

Drilling on the Dufay Property was first conducted by Carlson Copper Syndicate in June and July of 1929. A total of 12 holes, 3000 ft (= 914.4m), were drilled and logged (MRNF Assessment File: GM 03694, 1939, RP 150(A), 1939). The holes were spaced over a length of 1300 feet (= 396.24m), with average spacing of 249 feet (= 75.9m). Sulphide mineralization was estimated in each hole. TargetCo. reported an intersection of 3.04 feet (= 0.93m) of 16% copper in hole No.2. Hole No.10 showed an average grade of 2.34% copper over 7.66 feet (= 2.33m) of vein intersections (GM03694, 1939). Surface assays samples were reported to be up to \$3.80 in gold per ton across 4.5 feet (RP 150(A), 1939) (= 6.32 g/t Au over 1.37m based on historic gold price of \$20.63 USD per troy ounce in 1929, National Mining Association, 2011). The main vein was also explored by surface trenching in 1929 (RP 150(A), 1939). This vein is later termed Vein No.1 (GM 09723, 1941) and is said to follow the granite-sedimentary contact, striking N50°E. Vein No. 2, striking N58°E and Vein No. 3, striking N50°E were later identified through trenching and pitting (GM 09723, 1941)

The report published by the Quebec Bureau of Mines by S.H Ross et al, 1939, indicates that a vertical quartz vein mineralized with chalcopyrite, striking N45°E was traced by trenching southwest from the fault for approximately 2500 feet (762m). This work exposed vein widths ranging from 3 to 13 feet (0.91m to 3.96m) with an average of 5 feet (1.52m), and followed the contact of a small body of granite with greywacke. The vein was also found to cut the granite for part of its length (RP 150(A), 1939).

### Carlson Copper Mines (1937–1960)

Carlson Copper Mines Ltd. was incorporated in September 1937 to take over the assets of Carlson Copper Syndicate (MRNF Assessment File: GM 37268, 1980).

In 1939, Carlson Copper Mines conducted 1000 feet (304.8m) of diamond drilling in three holes (Nos. 15, 16 and 17) (MRNF Report:RP 150(A), 1939). Hole No.17, in a drilled southeast direction, cut the main vein at a depth of 410 feet (124.97m). TargetCo. reported 10.3 feet (3.14m) of core (true width of 7.3 feet [2.23m]) averaging \$9.00 in gold per ton from this intersection (RP 150(A), 1939) (8.82 g/t Au based on historic gold price of \$35.00 USD per troy ounce as quoted in GM 03694, 1939). This showing later became named the “Lac Papatose” showing and is categorized as such in the Quebec MRNF Metallic Deposit and Mineralized Body database (MRNF Metallic Deposit Profile, 2011). According to the Metallic Deposit profile for Lac Papatose retrieved from the MRNF in 2004, the best gold assay recorded from drilling was 36 g/t Au over 6m, however the Qualified Persons have been unable to locate the source of this information in historic drill logs or assay results. The Qualified Persons were informed by TargetCo. that this is potentially an erroneous transcription of the results of drill hole S-4 (MRNF Metallic Deposit Profile, 2004, GM 09735A, 1945). It is also noted that an 18 foot (5.49m) shaft exposes a 6 to 16 inch (0.15m to 0.4m) wide, N45°E striking, vertical quartz vein, which cuts a sheared greywacke that strikes N30°W. This vein is noted to be a short distance north of the main vein. This vein diverges at the bottom of the shaft to form a series of parallel stringers, with over-all width of 4 feet (1.22m). This vein is reported to be sparingly mineralized with disseminated chalcopyrite which also penetrates the wall-rock for several inches along shearing planes (RP 150(A), 1939).

In 1941, a magnetometer survey was carried out by H.J. Logan, consulting engineer for Carlson Copper Mines (MRNF Assessment File: GM 09723, 1941). This survey tested three areas: the fault zone along the creek, the large swamp southwest of the No. 1 vein, and the porphyry-carbonate zone in claim T9278. The strongest results of this survey were reported to be obtained 150 and 200 feet (45.72m – 60.96m) southeast of the pits in the carbonate zone of the porphyry (GM 09723, 1941). Two diamond drill holes (No. 18 and 19) were completed from November 1940 to March 1941 totalling 789.8 feet (240.73m). Large widths of mineralized quartz with low gold and copper values, assaying up to \$2.80 in gold per ton and 3% copper were obtained in the drilling (GM 09723, 1941) (2.84 g/t Au based on historic gold price of \$33.85 USD per troy ounce in both 1940 and 1941, National Mining Association, 2011). Only summary assay results exist for the holes. Hole 19 noted intersections of granite gneiss with mineralized 2% chalcopyrite, however the report does not indicate if the sulphides contain gold (GM 09723, 1941).

In 1945, twenty six drill holes were completed on the Dufay Property (S-1-S-26) (MRNF Assessment File: GM 9735-B, 1945). Holes S-4 cut the main zone (Vein No. 1) from 215 to 252.3 feet (65.53m – 76.90m) and gave assays up to \$1.05 over 0.8 feet and 13.65% copper over 0.5 feet (0.15m) (MRNF Assessment File: GM 09724, 1945) (1.04 g/t Au over 0.24m based on historic gold price of \$34.71 USD per troy ounce in 1945, National Mining Association, 2011).

In 1950, a ground magnetic survey was conducted on two separate grids at 40 foot (12m) line spacing oriented northeast and 50 foot (15m) station spacing (MRNF Assessment File: GM 00732, 1950). No major targets were identified.

### New Consolidated Canadian Exploration Ltd (1960)

In 1960, the Dufay Property was apparently optioned to New Consolidated Canadian Exploration Ltd. (MRNF Assessment Files: GM 37268, 1980 and GM 43191, 1986). TargetCo. conducted some line cutting at 200 foot (61m) intervals and carried out electromagnetic and self potential surveys. No results were reported.

### Kerr Addison Mines Ltd. (1968)

In 1968, Kerr Addison Mines Ltd. optioned the Dufay Property from H.J. Logan, P.Eng. and conducted an electromagnetic survey (MRNF Assessment File: GM 23404, 1968). This historic property consisted of 25 40-acre claims with 24 claims in the Dufay Township and 1 claim in Dasserat Township. The survey was conducted from November 11<sup>th</sup> to November 27<sup>th</sup>, 1968. A base line was established oriented N60°E and cross-lines were cut at 300 foot (91m) intervals. The survey consisted of 11.0 miles (17.7km) of data.

The electromagnetic survey was carried out with a Crone J.E.M. unit employing the in-line "shootback" method. This method involves two operators with two identical coils which are alternately used to transmit or receive. The coil separation was 300 feet (91m), allowing for depth of penetration of 150 feet (45.72m) and primary field frequency was initially 1800 cps. The results did not delineate clear zones of continuous chalcopyrite mineralization (MRNF Assessment File: GM23404, 1968).

### Tagami Mines Ltd. (1970)

In 1970, Tagami Mines conducted a ground electromagnetic VLF survey on the Dufay Property. A Geonics EM-16 VLF instrument was used, utilizing the radio frequency station generated by Cutler Maine ("NAA") operating at 17.8 kHz. Lines were cut in the northwest direction at 200 foot (60.96m) intervals. Readings were taken at 100 foot (30.48m) intervals and 50 foot (15.24m) infill over anomalous locations along the lines (MRNF Assessment File: GM 26284, 1970).

Eleven conductors were identified, labeled A-K. Conductor C coincides with a shear zone known to host quartz veins with sulphide mineralization (GM 26284, 1970). Anomalies D, E and F are noted to be small with limited strike extent, and occur parallel to conductor C. Four diamond drill holes were conducted between May and July, 1970 to test these targets (MRNF Assessment Files: GM 26285, 1970 and GM 37268, 1980). Drill core was found to cut sedimentary formations with pyrite stringers. No assay results appear in the drill logs (GM 26285, 1970 and GM 37268, 1980).

### Placer Development Ltd (1980)

In 1980, Placer Development Ltd. conducted a project on the "Larder Lake claim group" which consisted of 253 claims in McGarry Township and McFadden Township in Ontario and 172 claims in Dufay Township in Quebec (MRNF Assessment File: GM37028, 1980). A helicopter-borne radiometric survey was flown in an attempt to relate uranium results to the association of uranium and gold in paleoplacer deposits, the deposit type targeted at the time. A total of 380 line-km was conducted, with 150.8 km covering the Quebec portion of the project. The instrument used was a Scintrex GAD-6 spectrometer with  $\alpha=0.62$ ,  $\beta=0.74$  and  $\gamma=0.76$  as stripping constants. The recording device was a Soltec dual channel analogue strip chart which recorded U, Th, K and Total Count (T/C) with output stripped of the GAD-6 spectrometer. The line spacing was 200m and altitude was 150 feet (= 45.7m).

Three weak uranium anomalies were noted, all in the Quebec portion of the claim group, and generally 1.5 to 2 times the local background. These anomalies are suspected to be caused by a small increase of background levels in the rocks. One clear thorium anomaly is noted, and is interpreted to be a possible heavy mineral concentration in the sediments. The thorium response could also be due to a thorium-rich phase of an intrusive. Three potassium anomalies are also noted (MRNF Assessment File: GM 37028, 1980). All anomalies, except one potassium anomaly which was not located, were later ground checked and found to be associated with the greywacke shales (GM 37029, 1980). These radioactive shales ranged from trace to 0.03 oz/ton of gold (1.03 g/t Au) and nil to trace uranium and nil to 0.005% thorium (MRNF Assessment File: GM 37029, 1980).

Concurrent to the radiometric survey, an exploration program consisting of geological mapping, ground-checking of radiometric and magnetic anomalies, chip sampling and collection of heavy mineral soil samples was conducted (MRNF Assessment File: GM 37029, 1980). This exploration program was conducted by ACA Howe International Ltd.

The geologic mapping was carried out from July to October 1980 in two phases at a scale of one inch equals one-quarter mile, using aerial photographs (MRNF Assessment File: GM 37029, 1980).

Thirty-six (36) rock chip samples were collected for assay. Results ranged from trace to 0.04 oz/ton of gold (1.37 g/t Au) and nil to 0.08% copper. Uranium and thorium analyses were also completed for some samples: results were either trace or nil (MRNF Assessment File: GM 37029, 1980).

Thirty-two (32) heavy mineral and soil samples were collected (MRNF Assessment File: GM 37029, 1980). Analytical results were not reported.

#### Progress Resources Ltd. (1981)

In 1981, Progress Resources Ltd. optioned the mineral rights of the Dufay Property in Quebec. SNC Inc was contracted to carry out an evaluation of the Dufay Property in October-November 1980 (MRNF Assessment File: GM 37268, 1980). SNC Inc recommended conducting a deeper diamond drilling program on the main quartz vein as the best gold values have generally been found at 300 foot (91.44m) depth. A drill program of 4000 feet (1219.2m) was proposed to delineate a first ore shoot of the structure. The talc schist zone was also recommended for further testing as it was considered a geologically favourable structure for copper and gold mineralization.

#### Group Minier Sullivan (1983)

In 1983, Group Minier Sullivan optioned the Dufay Property from Ressources Hummingbird Ltée. Three drill holes were conducted on the Dufay Property (MRNF Assessment File: GM 40088, 1983). This drilling totaled 2091 feet (637.34m) and intersected best values of 0.06 oz/ton gold over 1.7 feet (2.06 g/t Au over 0.52m) and 6.2% copper over 1.0 feet (0.3m). All three holes intersected the quartz vein at a depth greater than 500 vertical feet from surface. Drilling confirmed that the quartz vein maintained a consistent thickness to a depth of 650 feet (198.12m).

#### Les Mines Monoro Ltée (1986)

In 1986, a summary report was written on the Dufay Property for Les Mines Monoro Ltée (MRNF Assessment File: GM 43191, 1986). The recommendations were to conduct a drill program to explore the two major structures (Vein No. 1 and the Talc Schist zone) to determine if these zones host gold mineralization.

In the autumn of 1986, stripping and channel sampling was conducted on the Dufay Property. The goal was to evaluate the average percentages of silica (SiO<sub>2</sub>) and copper and to determine tonnage (MRNF Assessment File: GM 44976, 1987). Once the outcrop was stripped and cleaned, cutting was completed perpendicular to the vein with a diamond saw. Each cutting was 10-15 feet (3.05m-4.57m) in length and traversed the quartz vein at 10 foot (3.05m) intervals. Samples for analysis were taken every 5 linear feet (1.52m) within the grooves. The average results returned 81.678% SiO<sub>2</sub> and 0.1679% copper. Based on the known area of the vein at surface and projecting to a depth of 100m, the tonnage of the vein was estimated to be 125,000 imperial tons (127,005t) (MRNF Assessment File: GM 44976, 1987). This grade and tonnage estimate was not made in accordance with the categories set out in sections 1.2 and 1.3 of the

National Instrument 43-101 Standards for Disclosure for Mineral Properties (OSC, 2011). This estimate is considered historic, not reliable and has not been verified by the Qualified Persons.

It is only relevant to provide a rough estimate of copper content in surface quartz veins. No key assumptions, parameters or methods are known in the determination of this historic estimate. No more recent estimates are available to TargetCo. In order to upgrade and verify the historic estimate as a current mineral resource, the outcrops would need to be resampled and shallow holes drilled to verify the historic data. Also a 3D model needs to be produced and the resource recalculated to upgrade the historical estimate in accordance with National Instrument 43-101 and CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice" guidelines. A qualified person has not done sufficient work to classify this historical estimate as a current mineral resource and the issuer is not treating this historical estimate as a current mineral resources.

#### Raven Resources Inc. (1993)

In October and November 1993, Raven Resources Inc. contracted Exploration Services to conduct ground magnetic, VLF electromagnetic, and Max-Min II surveys on the Dufay Property (MRNF Assessment Files: GM 52302, 1993 and GM 52301, 1993).

A previously cut base line, trending 60°, was utilized and cross lines were cut every 200m. A total of 6.3km were surveyed on claim group "A" and 5.3 km on claim group "B". The magnetic results showed a large, 100 gamma, oval-shaped anomaly on claim group "A". This was interpreted to be caused by mafic or ultramafic intrusive or a kimberlite pipe. Smaller magnetic anomalies were also observed on this grid. On the "B" claim group, a large 500m x 800m 200 gamma oval-shaped magnetic feature was also identified. This was also interpreted to be caused by mafic or ultramafic intrusive or a kimberlite pipe (MRNF Assessment File: GM 52302, 1993).

The electromagnetic VLF survey recorded station spacings every 25m and utilized the transmitter NAA in Cutler, Maine. Two EM conductors were identified on claim group "A" and three parallel conductors were outlined on claim group "B", most of these are adjacent to the main magnetic features (MRNF Assessment File: GM 52302, 1993).

After the completion of the ground magnetic and VLF electromagnetic surveys, an additional 4km of lines were cut on claim group "A" and an additional 1.8 km on claim group "B". A total of 8km of Max-Min II were surveyed on claim group "A" and 5.4km were surveyed on claim group "B" (MRNF Assessment File: GM 52301, 1993). An Apex Parametric Max-Min II horizontal loop electromagnetic unit was used for the survey with 100m reference cable. The three frequencies used were 444, 888 and 3555 Hz. Three short and weak conductors were outlined by the Max-Min II survey in claim group "A", none were coincident with the previously identified VLF conductors. Claim group "B" only showed one short and weak Max-Min II anomaly and was not shown to be coincident with the previously identified VLF conductors. The report recommended an induced polarization survey to determine the nature of the VLF and Max-Min II conductors (GM 52301, 1993).

#### Les Explorations Carat Inc (2007-2008)

In 2007 and 2008, Les Explorations Carat Inc. carried out field work on three claims in the area: claims 103279, 103280 and 103281 (MRNF Assessment Files: GM63197, 2007 and GM64111, 2008).

In 2007, outcrop stripping was conducted on claim cells 103279 and 103280 (MRNF Assessment File: GM63197, 2007). Following this, outcrops were mapped and sampled (rock chip samples). Five stripped outcrops were mapped in detail. Eighteen (18) rock samples were collected from the five stripped

outcrops as well as from three trench locations. All 18 rock samples were assayed for gold: 12 were assayed for copper. Best gold grades were associated with samples collected from quartz-pyrite-chalcopyrite veins.

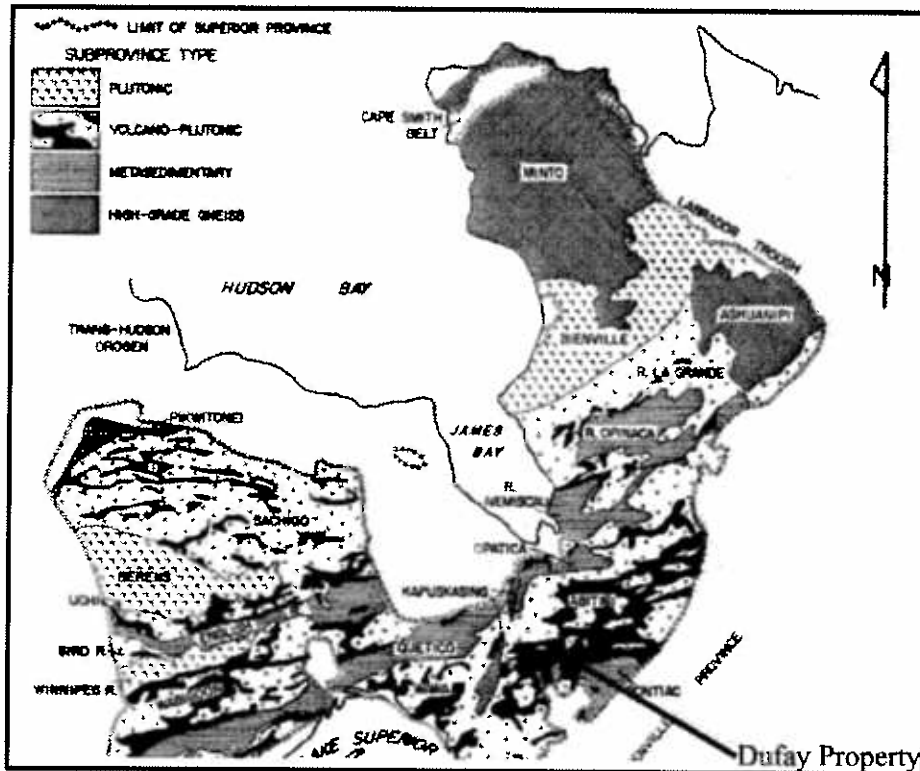
Mapping showed that a deformation gradient is present in the western half of the Dufay Property with an increase in intensity of deformation towards the southeast. In the southeast part of the Dufay Property, the majority of quartz veins trend NE-SW and typically contain pyrite and chalcopyrite in significant quantities and even malachite occurs locally.

In 2008, Les Explorations Carat Inc. conducted additional outcrop stripping and mapping on claim cell 103280. As in the 2007 mapping program, the deformation was found to increase towards the southeast of the Dufay Property. The strain is interpreted to be related to the presence of a granite intrusion extending to the southeast. A deformation zone between the mafic rocks and the granite intrusion is roughly oriented NE-SW and could be mapped between the areas stripped in 2008 and those mapped in 2007. Further mapping and physical rock testing was recommended to determine the exact location of a possible deformation zone hosting the late mineralization of gold, copper or lead (MRNF Assessment File: GM64111, 2008).

### Geological Setting and Mineralization

#### Regional Geology

The Dufay Property is located within the Pontiac Subprovince of the Archean Superior Province, some 4km south of the Cadillac-Larder Lake Break and the Abitibi Subprovince, and approximately midway between the world renowned Rouyn-Noranda and the Kirkland Lake mining camps.

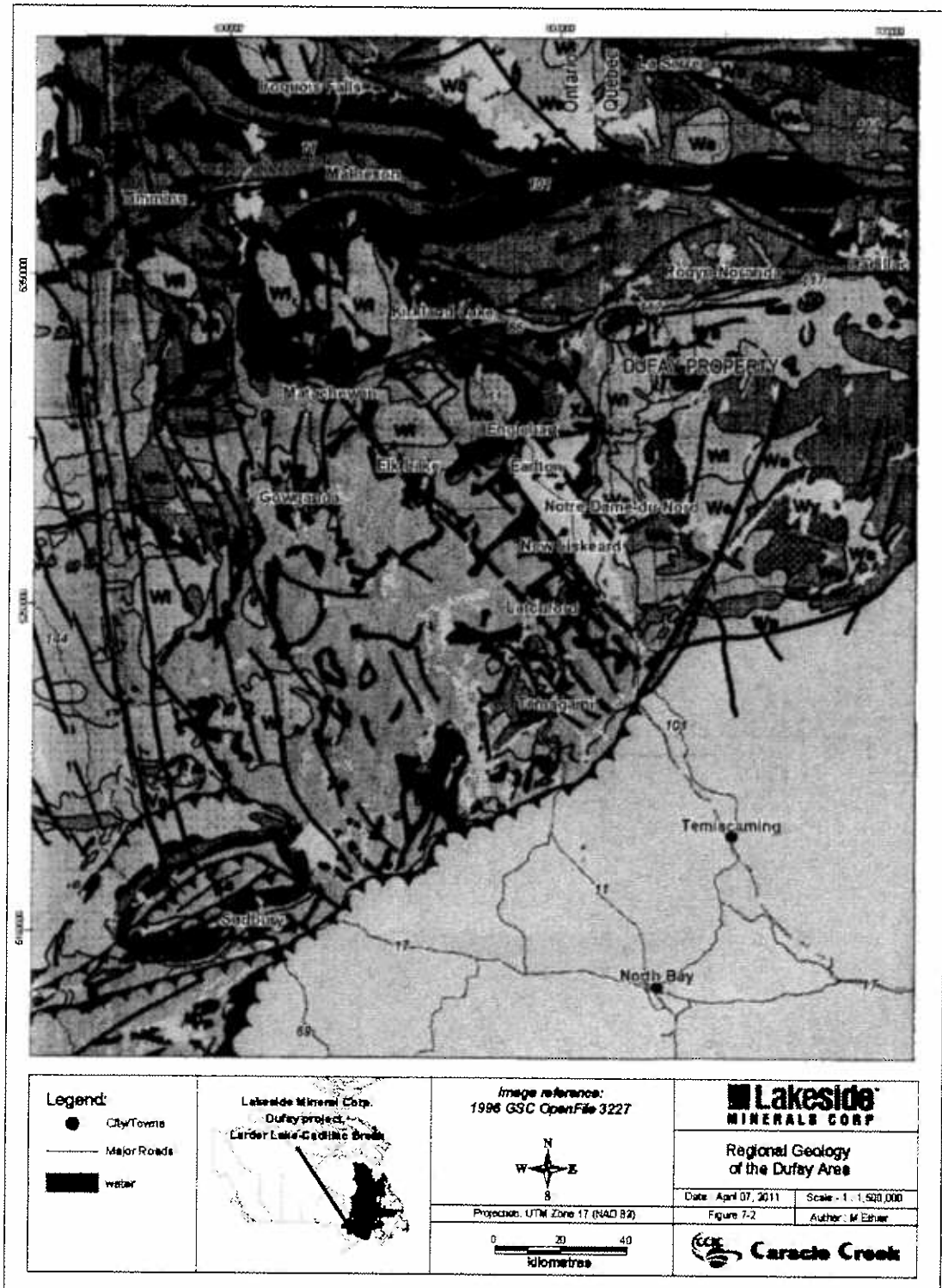


*Location of Dufay Property and the subprovinces of the Superior Province. Modified from Card (1990).*

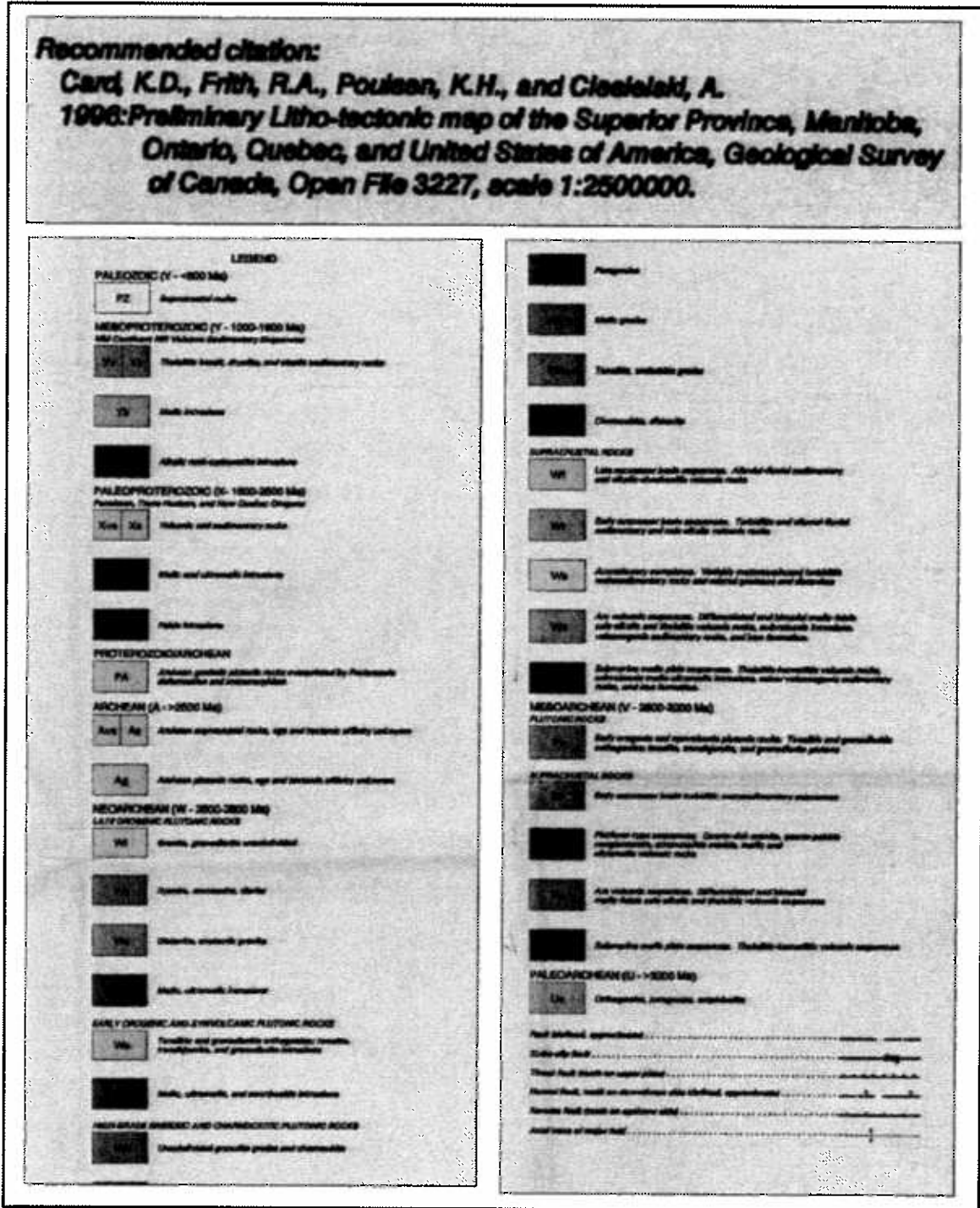


The Superior Province formed from continental fragments and intervening tracts of oceanic crust between 2.72 and 2.68 Ga. A better understanding of its evolution has developed over the past 30 years due largely from U-Pb geochronological and geochemical studies. The geochronology has provided the time framework for the development of the greenstone belt strata, the timing and duration of plutonic, structural and metamorphic events and serves as the basis for regional correlation. Current analysis regards the Superior Province as a collage comprised of small continental fragments of Mesoarchean age and Neoproterozoic oceanic plates with a complex history of aggregation between 2.72 and 2.68Ga and subsequent post-orogenic effects (Percival, 2008). A first-order characteristic of the Superior Province is its linear sub provinces of distinctive lithological and structural character that are highlighted by subparallel boundary faults (Card and Ciesielski, 1986). Domain trends are generally E-W in the south, W-NW in the northwest and NW in the north-eastern areas of the Superior Province. They possess steeply dipping foliation and steeply plunging folds representing the youngest penetrative structures in a polyphase chronology. Other prominent faults and/or shear zones tend to be E-NE striking, such as the Kirkland Lake fault, to striking NE or N, the latter being the latest fault set in the area.

The southern portion of the Superior Province in Quebec hosts the Abitibi and Pontiac Subprovinces, which are bounded to the east by the Grenville Front of Mesoproterozoic age. It possesses a high ratio of supracrustal to intrusive rocks. The Abitibi terrane exhibits: 1. structure dominated by open, upright folds and 2. an association of VMS mineralization with a plume-arc setting. The Abitibi and Pontiac Subprovinces are separated by the Cadillac-Larder Lake Break, an east-west structure over 200km in length extending in Ontario and Quebec. Proterozoic sedimentary rocks of the Cobalt Group overlie the southwest Pontiac and further north a segment of the Cadillac-Larder Lake fault. The northern boundary of the Abitibi Subprovince consists of faults intruded by late granitoids.



Regional Geology of the Dufay area



*Regional Geology of the Dufay Area - Legend*

The Abitibi greenstone belt is comprised of predominantly mafic to felsic metavolcanics, metasedimentary units and a variety of granitoids that experienced mostly low metamorphism. Its tectono-stratigraphic evolution has evolved from the allochthonous terrane concept of the 1990s to a traditional autochthonous stratigraphic framework supported by detailed geochronological and volcanological studies (e.g. Thurston, 1994; Kerrich et al., 1999). The northern portion of the Abitibi

hosts volcanic assemblages of mainly 2.735 to 2.72Ga that are associated with layered intrusions, together with units as old as 2.79 Ga (Rheaume et al., 2004). The central zone is predominated by plutonic rocks (Chown et al., 1992). The southern portion of the Abitibi belt is underlain by sedimentary-volcanic rocks that include ca. 2.69 Ga greywackes of the Porcupine Group and 2.677 to 2.673 Ga conglomeratic and alkaline volcanic rocks of the Timiskaming Group (Bleeker and Parrish, 1996).

The most studied assemblages are the Temiscaming and Hearst Assemblages commonly referred to as the Temiscaming Assemblage. The Temiscaming is a belt of clastic metasedimentary rocks and associated alkalic metavolcanic units centered on Kirkland Lake, Ontario, and extends east of Larder Lake, Ontario. It is a moderately to steeply south dipping and south facing assemblage that is cut by numerous faults and shear zones. This belt hosts some large Archean lode gold deposits, and is the youngest Archean supracrustal unit in the Abitibi postdating one regional deformation and predating the other in the southern Abitibi tectonic framework.

Intrusive rocks regionally consist of many variously sized intrusions of diorite to monzonite with quartz diorite and granodiorite, being the most common, which exist at the stratigraphic top of the volcanic rock section. The Bourlamaque batholith covers 150km<sup>2</sup> dominating the central part of the Malartic Group of volcanic rocks. It is of a low grade greenschist facies of metamorphism as the enclosing lavas. Numerous sills and dykes and plutons occur in the upper volcanic and adjacent sedimentary rocks of this sequence. In the Rouyn area, the Blake River Group of volcanic rocks are intruded by the Flavrian, the Lac Dufault and the Powell and many stocks, sills and dykes of those similar to the Malartic Group.

The Abitibi subprovince is known for an unusually high density and exceptional grade of its precious metal and polymetallic ore deposits. Four major types of mineral deposits are found in the region:

1. volcanic associated, massive, base metal sulphide (VMS) deposits as at Noranda
2. shear and intrusion hosted lode gold deposits
3. komatiite-associated Ni-Cu-PGM deposits
4. oxide iron formation.

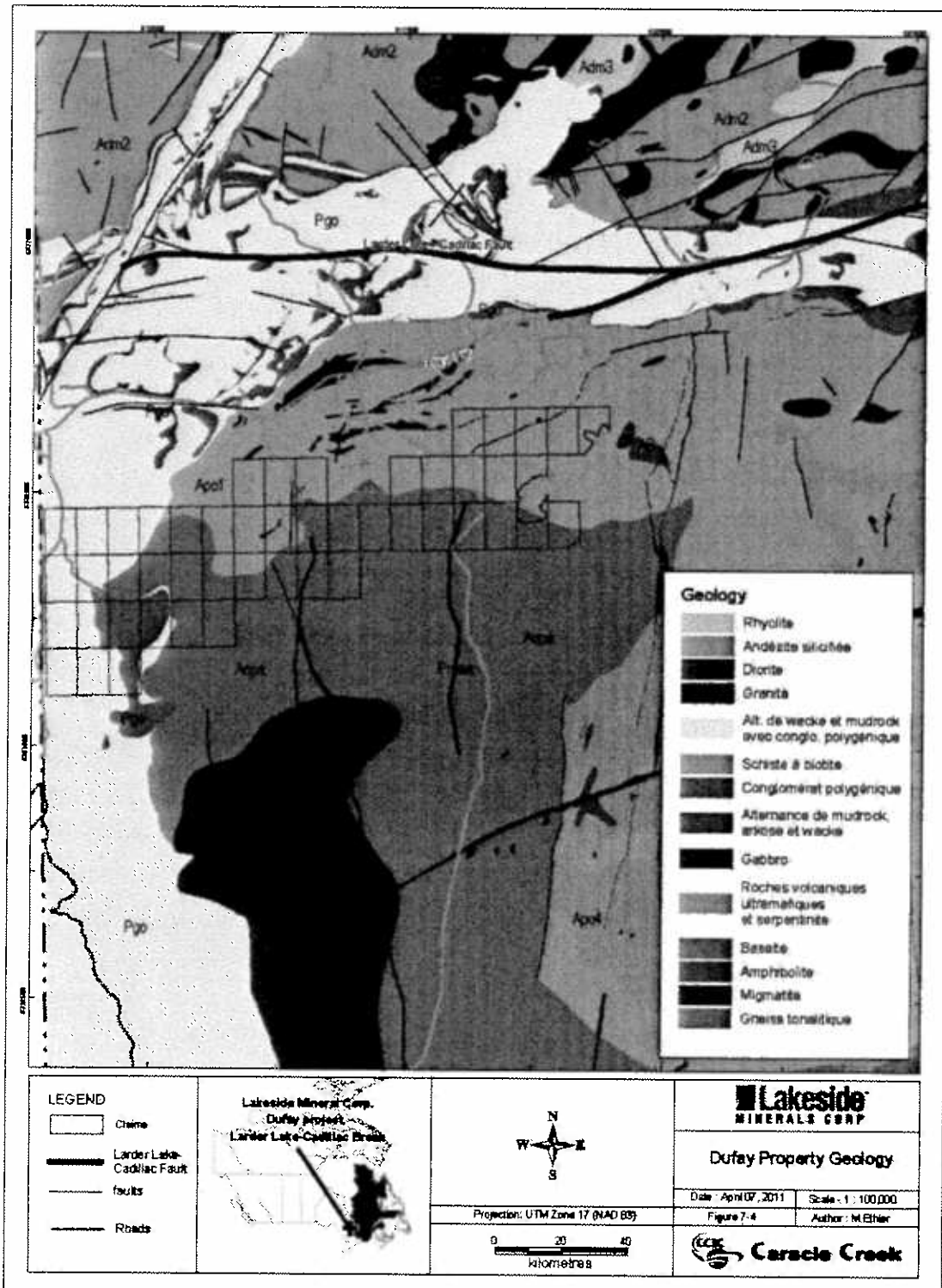
Gold deposits are hosted in the upper part of the mafic to felsic volcanic cycles in and around intrusions which are feeders to the last phases of volcanism. In the Noranda – Val d’Or region this occurs predominantly along the south limit of the major volcanic area in a belt that stretches from the Ontario border east to the Grenville Front, a distance of ~200 km. The majority of gold deposits in the Abitibi-Temiscaming area of Northwestern Quebec are vein-type associated with intrusions. However, two or three other types occur if the pyritic base-metal mines with by-product gold are included. The vein type deposits noted in this region tend to be spatially and genetically correlated to intrusions i.e. Bourlamaque batholith. The first gold discovery, the Sullivan Consolidated mine, was made in the western area.

### Property Geology

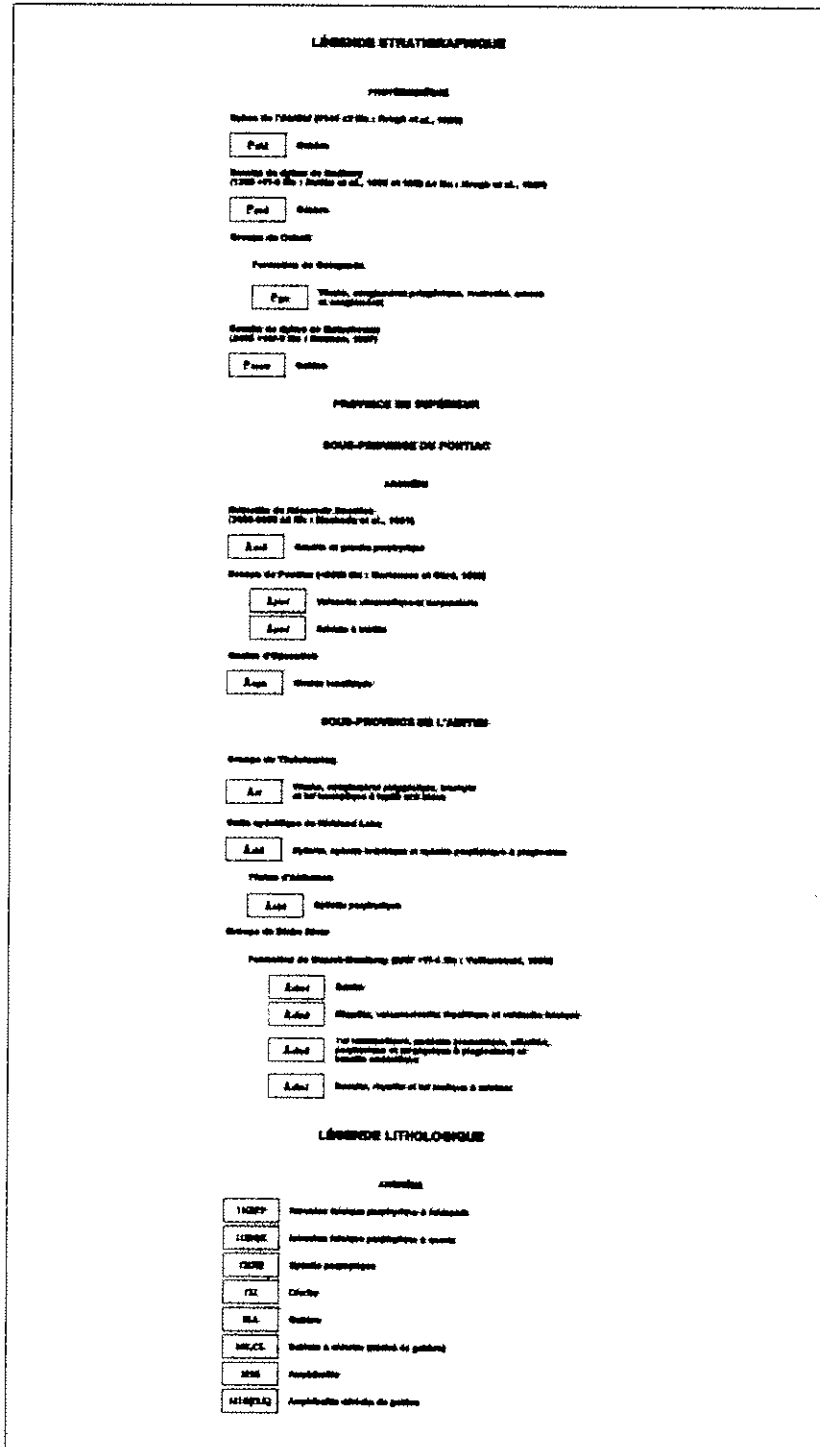
Early historical reporting indicates the geology of the Dufay Property is comprised of predominantly Temiscaming sediments consisting of greywackes and quartzites with interbedded gneissic units (granite gneiss) that are cut by small dykes and irregular bodies of granite, syenite porphyry gneiss and diabase (later gabbro dyke). A body of granite lies to the south of the Dufay Property. Altered sediments trend approximately 60° NE and dip from 40° to 70° NW. Local folding is minor and obscured; a north-easterly pitch is observed. A 120 foot (= 36.58m) wide gabbro dyke and an olivine diabase dyke varying in width

from 40 to 100 feet (= 12.19m to 30.48m) cut the Dufay Property in an approximate north-easterly direction over Carlson Mines Limited's original claim group.

Work done by Placer Development Limited in the early 1980s described most of the Dufay Property as being underlain by Middle Precambrian Huronian sediments of the Cobalt group. These sediments were described as gently dipping and unmetamorphosed greywackes, conglomerates and grits of the basal member of the Gowganda Formation of the Lower Cobalt group. The Cobalt sediments unconformably overlay the Archean (Early Precambrian) metasediments, metavolcanics and plutonic rocks. This unconformity is exposed on the Dufay Property and trends north. The tongue of Cobalt group rocks, an elongate sediment belt, trends north-easterly from Ontario into Quebec underlying the Dufay Property. The Archean rocks comprise the Pontiac group metasediments and felsic intrusives. Late Precambrian northeast and north-northeast trending diabase dykes intrude all rock types. A simplified geological map of the Property is shown in the diagram that follows.



Property Geology of Dufay Project (data sourced from MRNF Compilation Géoscientifique, 2003).



*Property Geology of Dufay – Legend*

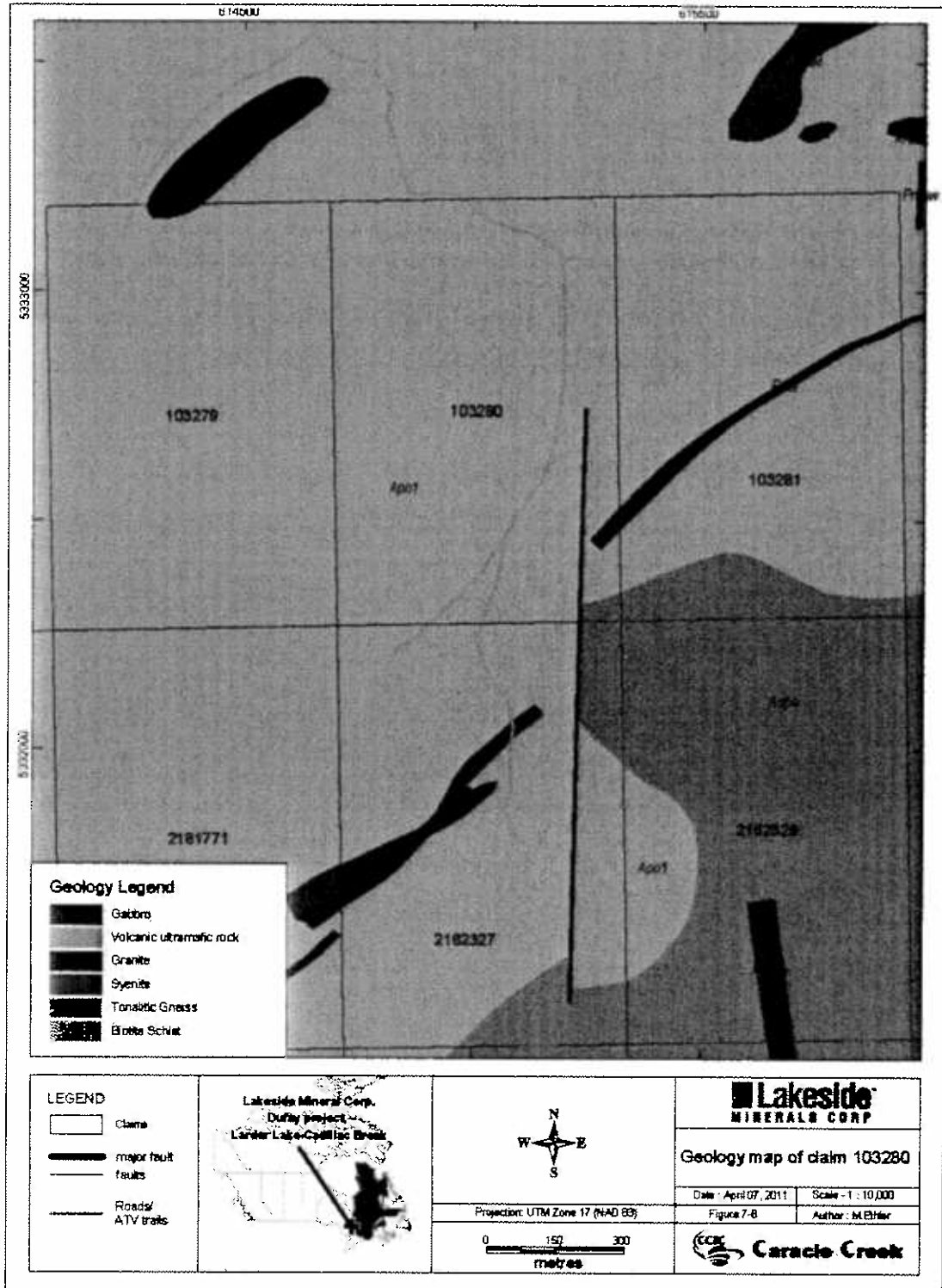
The intrusive rocks of the Dufay Property consist of dykes and irregular bodies of granite, syenite and porphyry. A 'later' gabbro dyke averaging 100 feet (30.48m) in width and striking N45°E cuts the granite in the SE portion of the claims. This 'later' gabbro of Dufay Township, Quebec is older than the Cobalt series. Historical maps and reports note intrusive rocks on the Dufay Property, however data from MRNF

Compilation Géoscientifique, 2003 of existing outcrops indicates that the density of mapping is poor. Further mapping work is required to verify the amount of outcrop on the Dufay Property

The southeast area of claim 103280 is underlain by sediments and granite that is cut by a gabbro dyke averaging 100 feet (30.48m) in width, and striking N45°E. This gabbro dyke is displaced ~500 feet (152.4m) to the north by an N-S fault. A NE-trending band of talc schists is also noted. The northwest portion of the original Carlson Mines Ltd's claim group is underlain chiefly by sheared and altered Temiscaming greywackes and interbedded quartzites. These units are cut by dykes and irregular bodies of granite, syenite and porphyry. Altered sediments have a general strike of N60°E and dip from 40 to 70°NW. It is reported that there is tight, minor local folding.

To better understand the geology and structure of the Dufay Property, more detailed field mapping is required.





Geology map of claim 103280 (data sourced from MRNF Compilation Géoscientifique, 2003).

## **Mineralization**

Based on a review of assessment reports and drill logs, the following types of mineralization occur in the general area of the Dufay Property.

1. Disseminated to blebby chalcopyrite plus pyrite in quartz veins, quartz stringers and stockwork. Examples are Veins No 1, 2 and 3, which are discussed below. Locally this type of mineralization may assay up to several percent copper and may contain up to several grams/tonne gold. It should be noted that much of this type of mineralization in drill core was only assayed for copper and not assayed for gold.
2. Massive pyrite plus chalcopyrite veins. Examples are found in hole S4, which cut a 20 foot (6.1m) section of massive pyrite plus chalcopyrite (MRNF Assessment Report GM 9735A, 1945). Copper and gold assay values of interest are reported over narrow widths.
3. Disseminated sulphides in granitic gneiss and felsic granitoid rocks. An example is noted in hole 19, where an approximate 36 foot (10.97m) section of granitic gneiss was logged to be weakly mineralized with up to 2% chalcopyrite (MRNF Assessment File: GM 09723, 1941). This type of mineralization was largely overlooked and was not assayed for copper or gold.

Previous work done by Carlson Copper Syndicate in 1929, 1939 and the early 1940s discovered three vertical quartz veins. These veins were later explored and drilled over the years. The following summary of mineralized quartz veins Nos. 1-3 is based on historic reporting diamond drill hole intercepts, mainly MRNF Assessment File GM37268 (1980). The exact length, width, depth and continuity of the veins described below are not known.

### Vein No. 1

Vein No. 1 is considered to be the most important vein (MRNF Assessment File GM 37268, 1980). It is a white quartz vein varying in width from 3 feet to 13 feet (= 0.91m to 3.96m) having an average width of 5 feet (= 1.52m). This vein traces the granite sedimentary contact striking N50°E. The vein is mostly stripped over its 1,900 foot length (= 579.12m). It is predominantly shattered and brecciated hosting chalcopyrite accompanied with some gold and small amounts of pyrite along fractures in the quartz, in irregular masses and in disseminated grains. It is centered in claim 103280 between two small rivers.

There is an old 18 foot (= 5.49m) deep shaft a short distance north of the main vein. Within this shaft a 6 inch-to-16 inch (= 0.15m to 0.41m) wide quartz vein cuts sheared greywacke. At the bottom of the shaft it alters to a series of parallel stringers that have a width of 4 feet (= 1.22m). The vein is sparingly mineralized with disseminated chalcopyrite.

### Vein No. 2

Vein No. 2 is located 200 feet (= 60.96m) north of vein No. 1. It strikes N58°E and is exposed for a length of 500 feet (= 152.4m). This vein averages 1 foot in width and is mineralized mostly with chalcopyrite.

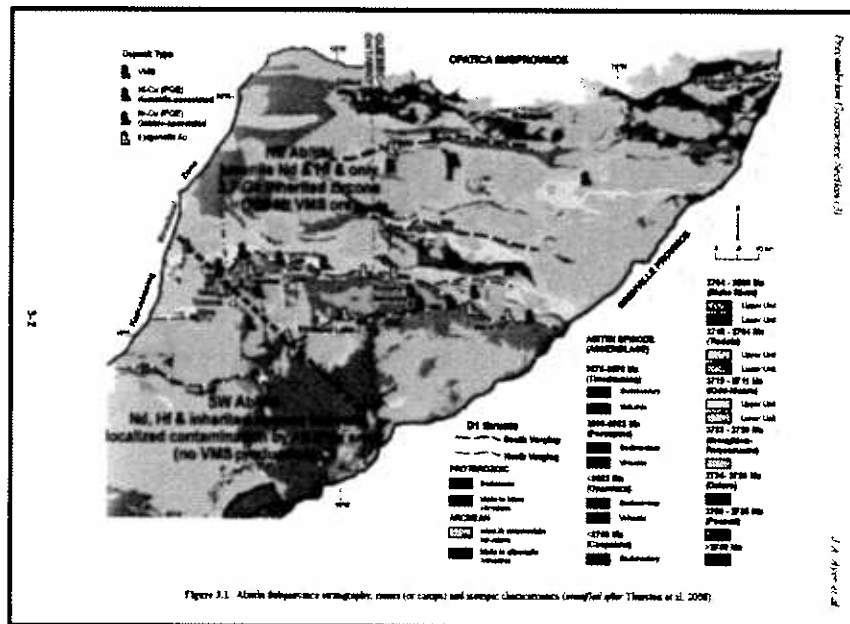
### Vein No. 3

Vein No. 3 is located 900 feet (= 274.32m) west of vein No. 1. Vein No. 3 may be a western extension Vein No. 1. It strikes N50°E, has a maximum width of 5 feet (= 1.52m) and is exposed for a length of 150 feet (= 45.72m). This vein consists of quartz with calcite and specularite. East of pit No. 7 the vein's west side is offset by at least 10 feet (3.05m) to the north.

Early drilling totalling 18,500 feet (5638.8m) by Carlson Copper Mines Ltd. returned sparse gold and copper values. The best gold values were encountered in Hole 17 and returned 0.257 oz/ton Au over 10.3 feet (8.82 g/t Au over 3.14m based on historic gold price of \$35.00 USD per troy ounce as quoted in GM 03694, 1939) (MRNF Report: RP 150(A), 1939). This intersection is on a quartz vein traced over a strike length of 1,900 feet (579.12m) and has a width of 3 to 13 feet (0.91m to 3.96m). This hole was not explored at depth nor was it correlated to other holes.

### Deposit Types

The Dufay Property is situated approximately halfway between the Rouyn-Noranda Mining Camp and the Kirkland Lake Mining Camp. Deposit types in this area include Au-VMS and Archean lode gold type, which are typically associated with large scale regional structures known as 'breaks' often found in prolific greenstone belts. The Dufay Property straddles the Ontario-Quebec border in the Abitibi Greenstone Belt that contains the Timmins (Porcupine Camp), Kirkland Lake, Larder Lake, Rouyn-Noranda and Val d'Or mining areas. See the diagram that follows.



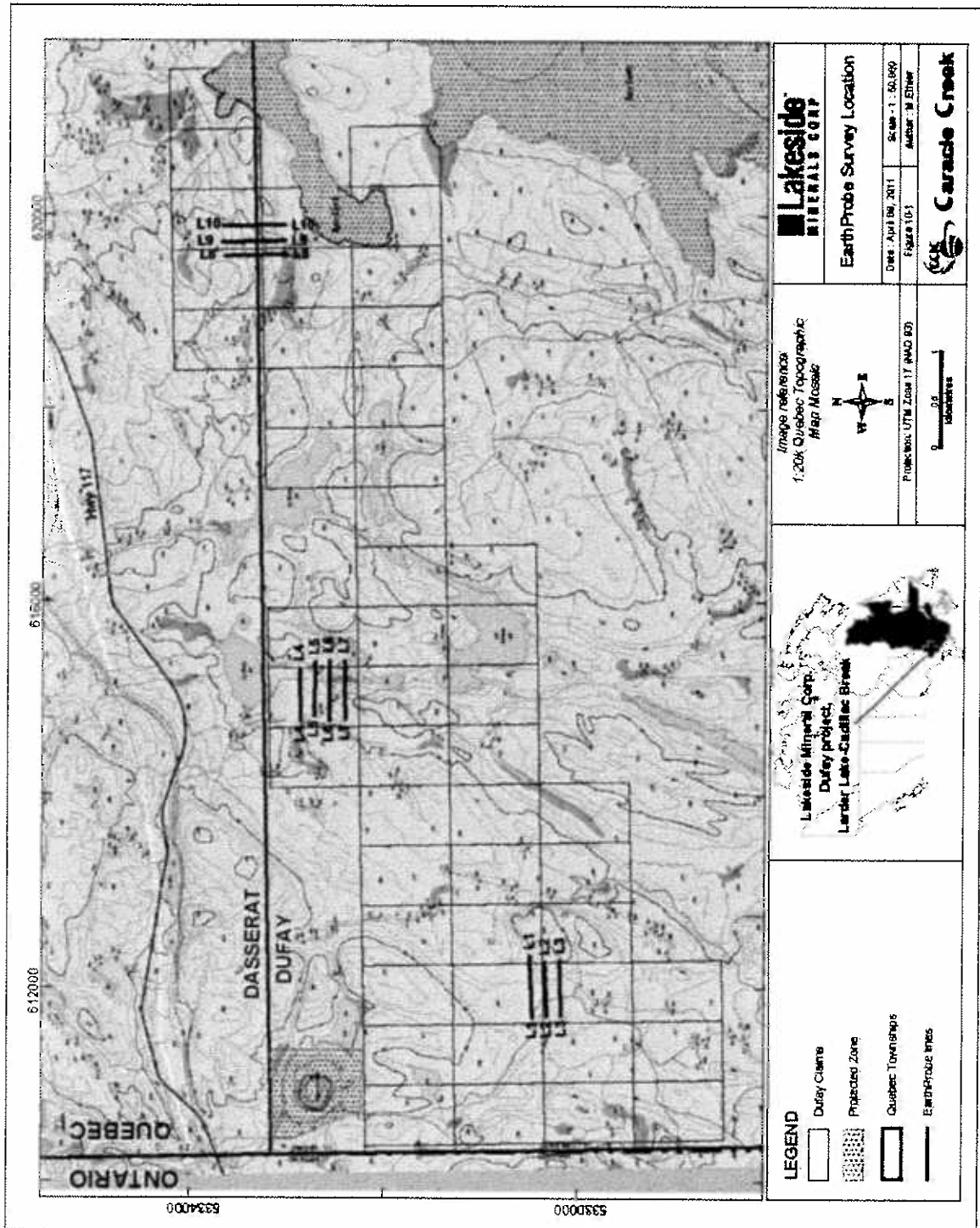
### *Geology of the Abitibi 'greenstone' belt and location of Kirkland Lake (geology after Goodwin and Ridler, 1970)*

Regional metallogeny and local geology suggests the following possibilities for economic gold mineralization in the area. From historic reporting of work completed on the Dufay Property, it is regarded to be preferential to quartz-carbonate veins hosting gold and/or disseminated gold sulphides mineral replacement associated with shear zones and its attendant splays and fractures. This does not imply that one or more types of mineralization may or may not be present in mineralization discovered on the Dufay Property.

1. Gold bearing strongly carbonatized and/or silicified mafic and ultramafic flows (green carbonates) within or close to the Cadillac-Larder Lake break (Kerr Addison type)
2. Quartz-carbonate gold bearing veins and/or disseminated gold sulphides mineral replacement associated with shear zones (Francoeur Mine).
3. Gold bearing quartz-carbonate veins or disseminated pyrite veins associated to syenites or calc-alkaline porphyries.
4. Cu-Au-Mo Porphyry
5. Volcanic massive sulphides (VMS, Aldermac, Selbaie, Normetal, Joutel)

### **Exploration**

TargetCo. contracted CCIC, to complete an EarthProbe survey consisting of high resolution direct current resistivity and induced polarization (IP) on the Dufay Property in February-March 2011. EarthProbe technology offers high lateral resolution due to tight sample spacing of 4.4m. The purpose of the survey was to test the high-resolution IP/resistivity response over the Lac Papitose showing, to determine if the ground displays chargeable and/or conductive anomalies, and to identify potential drill targets associated with three known magnetic anomalies within 180-200m of the surface. High resolution surface IP was collected over ten lines in three areas.



EarthProbe Survey Location.

## **Procedures and Parameters**

The geophysical survey was undertaken using the EarthProbe high resolution direct current resistivity and induced polarization (DCIP) logging and tomography system. The EarthProbe system can be configured for the collection of standard surface IP data, vertical resistivity profiles (VRP), and/or multi-bore/surface-to-bore tomographic images. For this survey, data were collected using the surface DCIP configuration.

The EarthProbe technology measures the IP effect in the time-domain. Time-domain measurements involve sampling the waveform at intervals after the current is switched off, to derive the apparent chargeability, which is a measure of the strength of the induced polarization effect. At the same time as chargeability measurements are collected, apparent resistivity data can be derived from the constant current on-time of the waveform after the initial IP charging effects are over, providing further information about the presence or absence of conductive minerals within the host rocks.

## **Sample Method and Quality**

IP data were collected in three areas (west zone, central zone, and east zone) along surface lines spaced 150 m apart, which is considered an appropriate spacing to collect the desired information about the subsurface.

IP and resistivity measurements were taken in the time-domain mode using a 2,048 millisecond (ms) square wave change cycle (512 ms positive charge, 512 ms off, 512 ms negative charge, 512 ms off). The delay time used after the charge shut off was 128 ms.

The electrode configuration used for this survey was the Wenner-alfa configuration. Stainless steel stakes were used for current electrodes (A-B) as well as for the potential electrodes (m-N). In this array, A-M-N-B is equally spaced, and for each reading, the "a-spacing" between all electrodes is incremented by one.

Data collection was continuously monitored at the survey site. Data collected that did not pass certain conditions was re-surveyed on site immediately.

Despite the results, during the interpretation process it was noted that the magnitude of the current waveform measured in the eastern grid was less than typically observed for an EarthProbe survey under non-frozen conditions. This may have decreased the measured response sensitivity range. Further analysis is required.

## **Survey Design**

The three areas consisted of the Western Grid (3 E-W lines), the Central Grid (4 E-W lines) and the Eastern Grid (3 N-S lines), with 150m spaced lines (Figure 9-1). The total line-km of the survey was 6.015 km.

The western zone comprised three west-east oriented lines targeting a region where airborne magnetic and electromagnetic anomalies had previously been identified. The central zone comprised four west-east oriented lines over the former adit and showings. The eastern zone comprised three north-south lines targeting an apparently significant magnetic anomaly. An electrode separation of 4.4 m was used on all lines. The survey covered 6.015 line-km encompassing an area of 0.644 km<sup>2</sup>.

The Western Grid shows shallow anomalous chargeable features in the eastern extent of the lines, with prominent anomalies on Lines 1 and 3 and a smaller anomaly on Line 2. These chargeable features,

approximately 60mV/V, are potentially caused by the same source and require inversion to further delineate size and location at depth. A possible extensional feature at 100m depth is located on Line 1 as shown in Figure 10-2.

The Central Grid, comprising Lines 4-7, covers the main Lac Papitose showing and high-interest drill hole results for the Dufay Property. The ground is considered to be quite chargeable with multiple features displayed throughout each pseudosection. Some higher conductive features with coincident low chargeability are noted at surface. This block of data is recommended for inversion to resolve anomalous responses, and these results need to be related to the areas of known mineralization in 3D space. Line 5 is shown in the first diagram that follows below.

The Eastern Grid showed a relatively conductive feature (40,000  $\Omega$ .m) on Line 10 at 60 m depth. This anomaly appears to be detected on Line 9 but the intensity suggests it does not extend that far.

The existence of chargeable features throughout the data supports conducting inversion as a next phase of interpretation. This would help determine spatial location and size of all anomalous features. This data could then be integrated in a 3D environment to link with the current understanding of the mineralization on the Dufay Property.

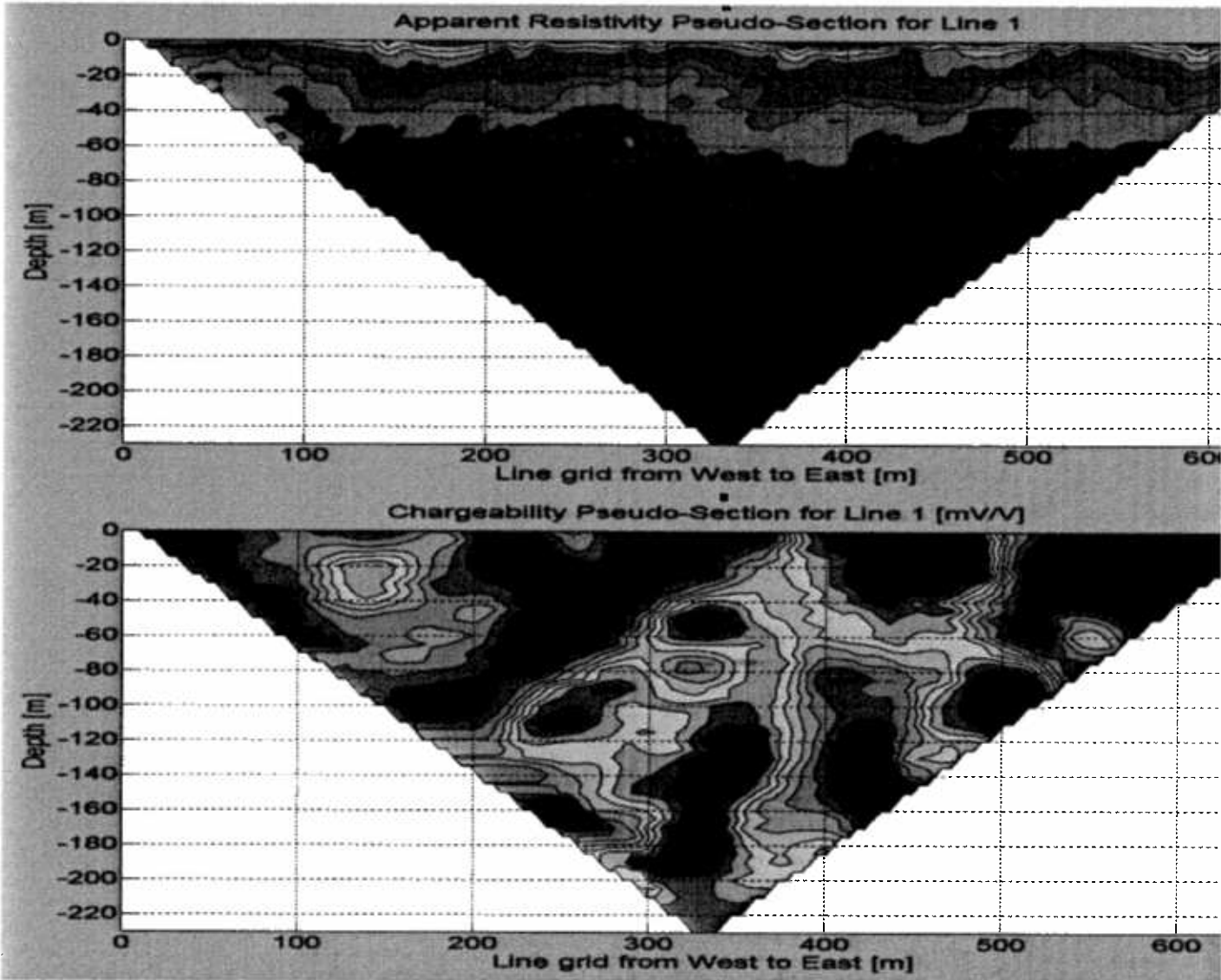
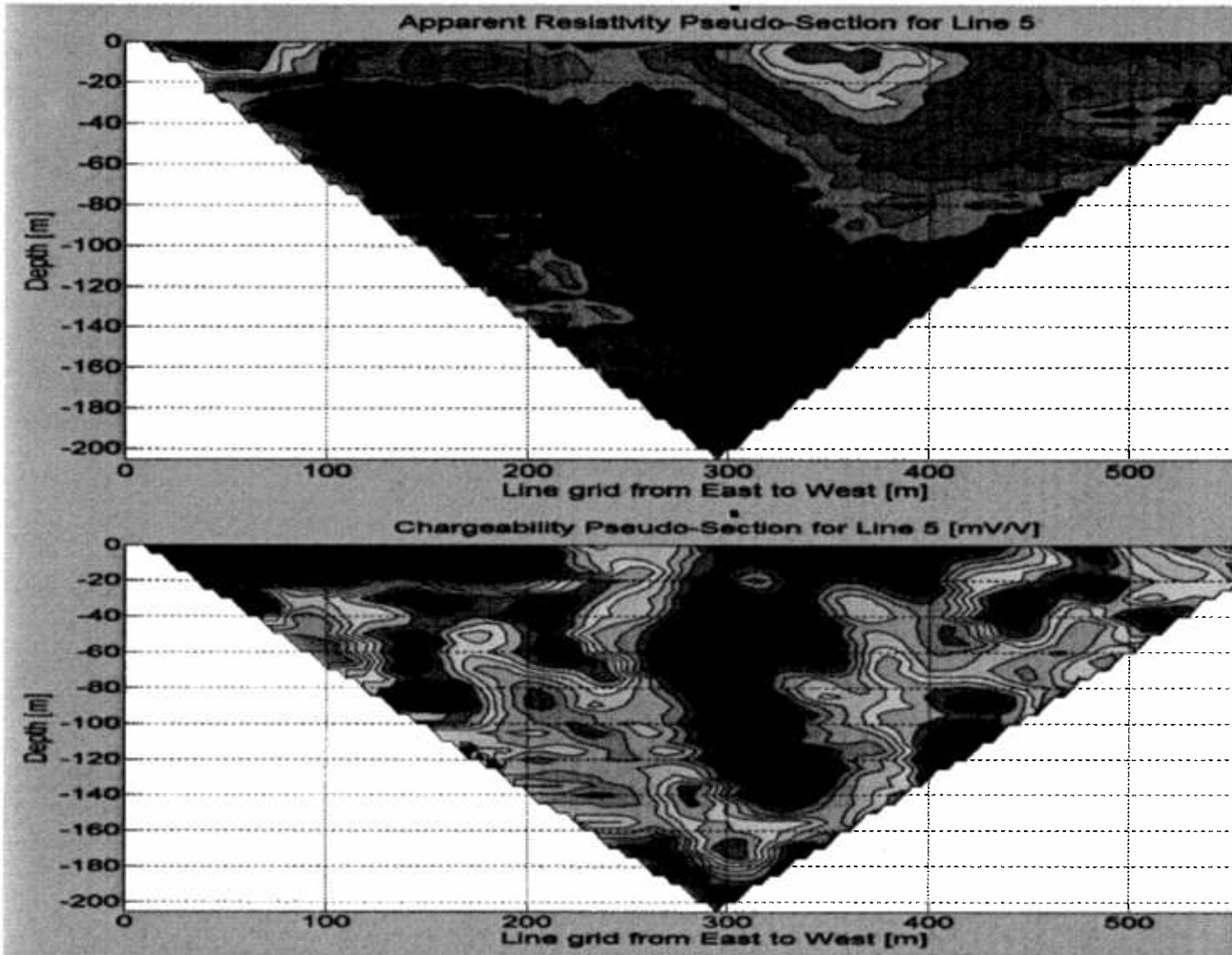
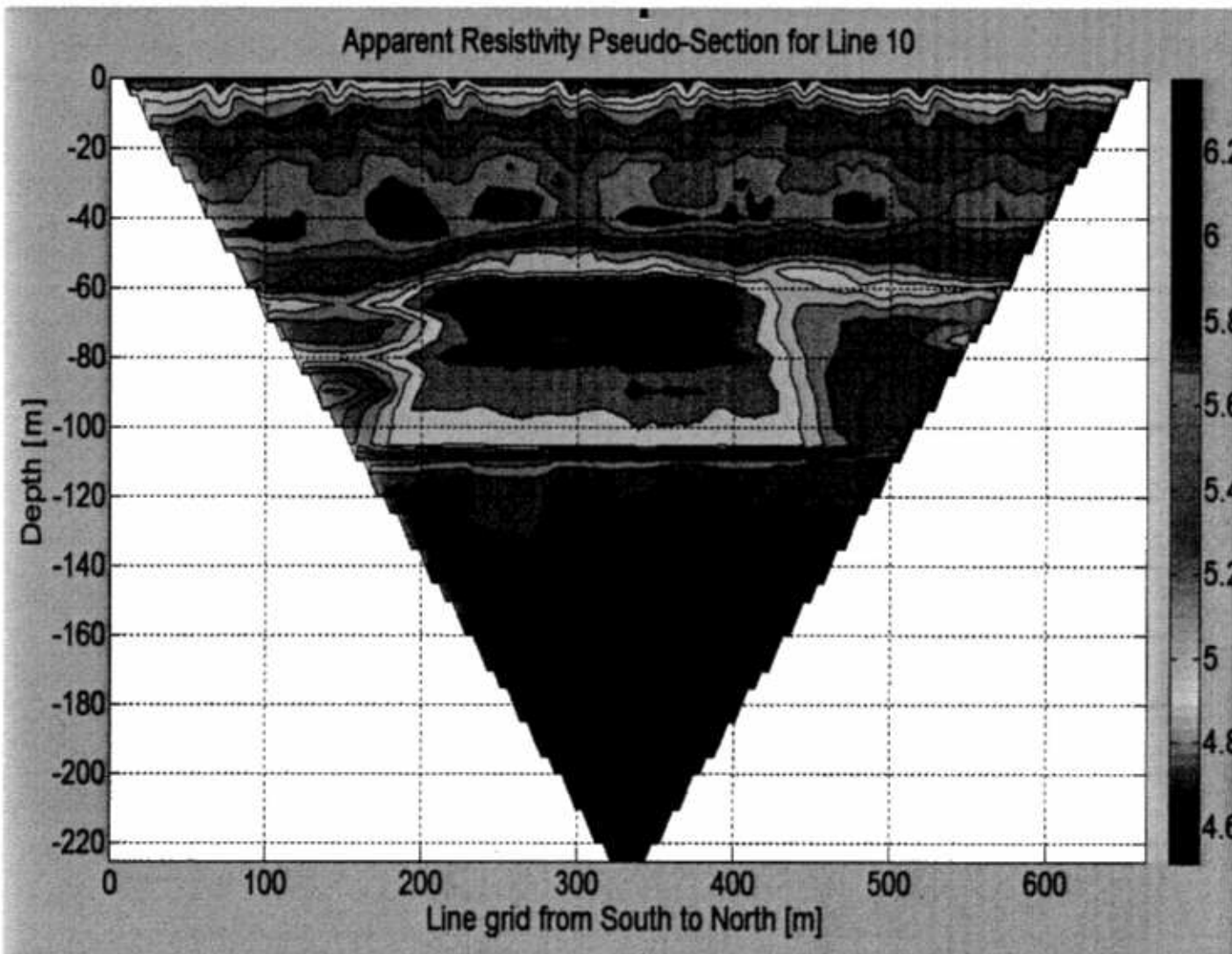


Figure 9-1. Pseudosection for Line 1 - Western Grid





*Pseudosection for Line 5 - Central Grid*



*Resistivity pseudosection for Line 10 - Eastern Grid*

### **Drilling**

No drilling has been conducted by TargetCo. on the Dufay Property.

### Sample Preparation, Analysis and Security

No assaying or laboratory testing was completed on the Dufay Property.

Several quality assurance/quality control ("QA/QC") criteria were applied for the purpose of data verification during the EarthProbe survey. Acceptable thresholds for the survey were established by the operator based on industry accepted practices and site specific conditions. The QA/QC criteria used for this survey are summarised in the table that follows (the "QA/QC Table").

Data collected that did not pass conditions set out in the QA/QC Table was re-surveyed on site immediately. All EarthProbe final data collected on the Dufay Property passed the conditions set in the QA/QC Table.

*QA/QC data verification criteria*

Waveform	Current and voltage waveform must be a castle shape and the correlation of the current and voltage time series must be above a defined threshold	0.8
Injection current	Injected current must be within a defined range	5 – 1000 mA
Measured voltage	Measured voltage must be within a defined range	5 – 1000 mV
Apparent resistivity	Apparent resistivity must be within a defined range	0 – 50,000 $\Omega$ .m
Stacked voltages	Standard deviation of stacked voltage data must be below a defined threshold	1%
Self-potential	System self-potential must be below a defined threshold	100 mV

Data Verification

CCIC Site Visit

Ms. Mary Kearney, M.Sc., P.Geo., visited the Dufay Property on April 1<sup>st</sup> and 2<sup>nd</sup>, 2011. Ms. Kearney is a member in good standing with the Association of Professional Geoscientists of Ontario (“APGO”) (member #0540) and received a Special Authorization from the Ordre des Géologues du Québec (“OGQ”) (number 178) to practice geology on the Dufay Property on behalf of CCIC. This Special Authorization is valid from April 1<sup>st</sup>, 2011 to June 31<sup>st</sup>, 2011.

Travel and access to the Dufay Property grid is by unmaintained trails and logging roads throughout the area. Access during the winter months is difficult because the trails are not ploughed. Dufay Property access to the west claims as well as the east claims was investigated but entry was made only into the mid northerly claims using the four gridlines used by the EarthProbe geophysical survey in February 2011. Claim #103280 was traversed. Only a couple of GPS readings were taken and these are mentioned in relation with the description of rock outcrop.

The relief of the part of the Dufay Property that was accessed is undulating with lower areas noted as swamps or lakes. A height of land known as Mount Cheminis lies just north of the western claims of the Dufay Property. At least two ridges were observed trending NE-SW in the western region of Claim #103280 with a swamp in the hollows. The extensive NE-SW trending swamp noted near the westerly end of gridline #4 may be a fault zone.

Vegetation of the ground accessed consists predominantly of spruce, and some poplar. Tag alders were prevalent in the swamps; cedars were conspicuously absent.



Trail and Swamp noted at claim # 103280.

### *Mount Cheminis disconformity.*

The Dufay Property geology has been previously described from historic assessment reporting. Because of the impediment of snow and ice, geology was difficult to ascertain. During the traversing of the area many variously sized erratics were observed ranging up to 10 feet wide x 12 feet long x 5.5 feet high (3.05m wide x 3.66m high x 1.68m long). A small rock outcrop was encountered on EarthProbe Line #7 at 615039 mE, 5332420 mN (NAD83, UTM Zone 17N), elevation 284m ± 4 m.

The outcrop consisted of silicified chlorite schist trending in a NE-SW direction and granite. A small amount of grey-clear coloured quartz veining within the green chlorite schist up to 5mm in width was noted. Associated with this, considerable disseminated chalcopyrite and pyrite with limonite staining was seen. More sulphides occurred at the contact of the sediments and the granite. Carbonitization was also noted.

A GPS reading was taken west of the mid-point of EarthProbe Line #7 on the main trail, centre grid; E0615064, N5332419, ±3m accuracy, elevation 279m.

### **ACA Howe Site Visit**

At the request of the TSXV, Mr. Felix Lee of ACA Howe conducted a site visit of the Dufay Property on September 6th, 2011. Mr. Lee is a member in good standing with the Association of Professional Geoscientists of Ontario (“APGO”) (member #0758).

The Dufay Property was accessed by ATV trails. Claim #103280 was traversed, and the veins historically stripped by Les Explorations Carat were examined. Historic drill collars were also noted.

### **EarthProbe Survey**

Ms. Julie Palich, M.Sc., P.Geo. (APGO #1880), author of the 43-101F1, reviewed and interpreted the EarthProbe data for the report. As stated in under Sampling, Preparation, Analyses and Security, all data passed the QA/QC conditions set in in the QA/QC table above. During the processing phase, changes in signal strength were detected between grids. Further investigation is warranted.

### **Mineral Processing and Metallurgical Testing**

No mineral processing or metallurgical test work has been commissioned by TargetCo. on potential ores from the project area.

### **Mineral Resource and Reserve Estimates**

Mineral resources and reserves have not been estimated on the Dufay Property. The Dufay Property is not considered an Advanced Property as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

### **Mining Methods**

Mining methods have not been assessed for the Dufay Property. The Dufay Property is not considered an Advanced Property as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

**Recovery Methods**

Recovery methods have not been assessed for the Dufay Property. The Dufay Property is not considered an Advanced Property as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

**Project Infrastructure**

Project infrastructure has not been determined for the Dufay Property. The Dufay Property is not considered an Advanced Property as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

**Market Studies and Contracts**

Market studies have not been conducted on the Dufay Property. Contracts material to the issuer have not been identified for the development of the Dufay Property. The Dufay Property is not considered an Advanced Property as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

**Environmental Studies, Permitting, and Social or Community Impact**

Environmental studies, permitting, social or community impact has not been studied for the Dufay Property. The Dufay Property is not considered an Advanced Property as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

**Capital and Operating Costs**

Capital and operating costs have not been estimated for the Dufay Property. The Dufay Property is not considered an Advanced Property as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

**Economic Analysis**

An Economic Analysis has not been estimated for the Dufay Property. The Dufay Property is not considered an Advanced Property as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects..

**Adjacent Properties**

The following summarizes adjacent properties to the Dufay Property. This information is publicly available from websites, company websites, press releases, NI 43-101 reports and from academic papers or their abstracts. The Qualified Persons of the Dufay Report have been unable to verify the information. This information is not necessarily indicative of the mineralization on the Dufay Property that is the subject of the Dufay Report. The Dufay Report clearly distinguishes between the information on adjacent properties and the information on the Dufay Property.

**Kerr-Addison Mine, Timiskaming District, Ontario**

The Kerr-Addison Mine is located approximately 5km west of the Dufay Property. It has produced approximately 12 million ounces of gold over a 58 year operating life (Anderson, 2009). Gold-bearing zones within its extensive mineralized system were mined from surface to a depth of 4,500 ft (=1371m)

below surface, and over a strike length of about 3,200 ft (= 975m). The past-producing Chesterville mine to the east also recorded notable gold production, and the property was absorbed into that of the Kerr Addison during the 1950's. The authors of the Dufay Report have been unable to locate publicly available historic resource or reserve estimates for the Kerr-Addison Mine that are compliant with section 2.4 of the NI 43-101.

#### Semeco Inc.

According to MRNF Report on Mineral Activities in Quebec, 2010, Semeco Inc is conducting exploration for gold on the Lac Dasserat property, immediately north of the Dufay Property (DV 2011-02, 2011). Semeco Inc has not published an NI 43-101 compliant technical report on the Lac Dasserat property.

#### Richmont Mines

Richmont Mines is currently operating the Arncoeur exploration property, which is located directly north of the Dufay claim block. According to Richmond Mines' website, this property dates back to 1936-1937 where Arncoeur Gold Mines conducted stripping, sampling and drilling of shallow drill holes in the western part of the property (Richmont Mines, 2011). "Interesting" gold values are said to have been reported, but work was suspended at the end of 1937. According to Richmond Mines, more favorable targets for gold on this property are mainly within the prolongation of the Francoeur-Wasa shear, which covers the lateral and down-dip extensions of the Francoeur Mine's West Zone deposit. Richmond Mines has not published an NI 43-101 compliant technical report on the Arncoeur property.

#### Cadillac Mining Corporation/ Cadillac West Exploration Inc.

Cadillac Mining Corporation, formerly Cadillac Exploration Inc., operates the West Cadillac Project, located north of the Dufay Property (Cadillac Mining, 2011). Cadillac Mining's prime target consists of a 24 km long section of the Cadillac Break, and commenced with drill testing in 2005. According to a press release dated February 24<sup>th</sup>, 2011, Cadillac Mining Corporation will commence an exploration program comprising geophysics and diamond drilling on its "Wasa" property (Cadillac Mining, 2011). Cadillac Mining Corporation has not published an NI 43-101 compliant technical report on the Wasa or West Cadillac Projects.

#### **Other Relevant Data and Information**

No additional information or explanation is necessary to make the Dufay Report more understandable.

#### **Interpretations and Conclusions**

The Dufay Property consists of 53 mining claims covering 2,763 ha and is located 40 km west of Rouyn-Noranda between the Rouyn-Noranda and Kirkland Lake mining camps. Historic reports indicate that the Dufay Property is comprised of predominantly Temiscaming sediments with interbedded gneissic units. Historic exploration on the Dufay Property delineated three gold-bearing quartz veins but their exact lengths, widths, depths and continuity are not known at this early stage of exploration.

An EarthProbe IP/resistivity survey was completed on the Dufay Property to assess the chargeable/conductive response over the Lac Papitose showing and to determine if similar responses are viewed in other magnetically anomalous areas. The survey consisted of 6.015 line kilometres and was conducted in February-March, 2011. The survey was considered to be successful in that it demonstrated several chargeable anomalies, especially in the Central Grid covering the known mineralization. It is

therefore considered to have met its original objectives. The data should be inverted to understand the size and extent of all potential targets and their relationship to the mineralization in a 3D context.

The data density is considered to be high given the 4.4m station spacing over the industry standard of 25m and is therefore considered to be adequate. Data reliability is also considered to be sufficient as all data collected passed the QA/QC criteria listed in the Sample Security, Preparation and Analysis section. During the processing phase, changes in signal strength were detected between grids. Further investigation is warranted.

The significant risks and uncertainties that could reasonably be expected to affect the reliability or confidence in the above summarized exploration information are related to the unreliability of historical data and include:

- \* Historic maps may encounter geo-referencing problems
- \* Advancements in analytical techniques will improve assay results
- \* Difficulty in locating historic drill collars to verify their location
- \* Advances in geophysical techniques to improve the quality of interpretation

Continuing work on the Dufay Property will help identify these errors and hence minimize or quantify the uncertainty of this historic work. With respect to foreseeable impacts on these risks and uncertainties to the project's potential economic viability, the main impact will be within the confirmation of historic copper results, the results found when assaying for gold, and the market variation of gold and copper prices.

Upon review of historical exploration data and results of the 2011 IP survey on the Dufay Property, the authors of the Dufay Report concluded that further exploration on the Dufay Property is warranted. The Dufay Property shows potential for gold mineralization similar to quartz-carbonate-pyrite-chalcopyrite vein mineralization characteristic of the Larder Lake – Cadillac Break. The Dufay Property also shows disseminated sulphide-type mineralization in a variety of rock types. This type of mineralization was recorded in historical drill logs.

### **Recommendations**

To further explore the Dufay Property, it is recommended to conduct a work program consisting of an office-based 2/3D compilation and a summer field exploration program.

The compilation will generate a 3D Earth Model for the project that would help better visualize the data that exists throughout the entire Dufay Property as well as the detailed information over claims 103279, 103280 and 103281. This compilation will endeavour to include all historical data available from MRNF assessment reports, government work and published articles, as well as historic diamond drill holes, logs and assay results. Particular attention will be geared towards the identification and width of zones of shearing, quartz veining and mineralization. This compilation will attempt to correlate intersections between drill holes, as well as results from geological mapping of outcrops, trenching results and grab and channel sample results. The data from EarthProbe will be inverted and incorporated into this model, as well as any additional geophysical and geochemical surveys and their respective anomalies. Topographic, SRTM data, airborne geophysics and other existing imagery will be reviewed and incorporated to help identify structural lineaments, locations of areas of outcrop, zones of major contacts, and correlation with known geological mapping.



CCIC further recommends a field program consisting of stripping, geological mapping, structural mapping, geochemical soil sampling and a high resolution airborne geophysics survey. Further stripping of the area exposed by Les Explorations Carat in 2007-2008 is recommended to increase the area exposed for bedrock mapping. The bedrock mapping program will help create a consistent nomenclature and interpretation of lithologic units on the Dufay Property. General mapping will be conducted over the area of the Lac Papitose showing and detailed mapping will be conducted over areas of selected outcrops to determine structure and plunge of mineralization. Prospecting and mapping should also be conducted over known geophysical anomalies as well as interpreted fault and shear zones.

Concurrent grab sampling of rock types will help understand their geochemical nature. Due to the multiple deposit types in the regional area, it is necessary to determine the mode of occurrence of gold or base metals on the Dufay Property. Re-assaying of previously sampled lithological units is recommended for this phase. It is also recommended to assay for base metals as well as gold, as significant copper intercepts have been reported in historic work. The structures of the Dufay Property should also be mapped during this program to understand the relationship between the quartz veins and the shear/deformation zones.

A geochemical orientation survey is recommended to determine the most adequate geochemical method to use for future exploration. The orientation survey should be conducted over known showings, areas where diamond drill holes intersected mineralization, geophysical anomalies of interest and interpreted fault and shear zones.

A high resolution airborne geophysical survey (such as helicopter-borne Mag/EM survey) is also recommended. The results would add value to the geological mapping by identifying zones of faulting, shearing, alteration and major contacts, as well as identify conductive zones and target mineralization.

A recommended exploration budget for the Dufay Property is set out below.

*Recommended exploration budget for the Dufay Property.*

Item	Amount	Units	Rate	Approximate Cost
<b>3D Compilation</b>				
Inversion of EarthProbe Data	10	lines	\$ 600	\$ 6,000
2/3D Compilation of Data	10	man-day	\$ 900	\$ 9,000
<b>Field Program</b>				
Prospecting	15	man-day	\$ 750	\$ 11,250
Geological/Structural Mapping	20	man-day	\$ 1,000	\$ 20,000
Soil Geochem survey	120	man-day	\$ 1,000	\$ 120,000
Assaying - Rock Samples	50	samples	\$ 40	\$ 2,000
Soil Samples	6000	samples	\$ 40	\$ 240,000
Meals	155	man-day	\$ 75	\$ 11,625
Accommodations	155	man-day	\$ 100	\$ 15,500
Helicopter-borne TDEM survey	550	line-km	\$ 140	\$ 77,000
<b>TOTAL PHASE 1</b>				<b>\$ 512,375</b>

## ***Other Mining Claims***

### **Disson Claims**

The Disson property is located some 30 km east of La Sarre, Quebec. The property comprises 36 contiguous claims covering 10.25 sq km and is easily reached via secondary gravel roads off Highway 111. The property straddles a major east-west deformation zone that displays a strong alteration halo some 75 m to 180 m wide and with a minimum strike length of 2.1 km. Alteration consists of dolomite + ankerite +/- fuchsite +/- pyrite. Gold occurs primarily as free gold and is locally visible in drill core. Highlights from limited historical drilling include 44.2 g/t Au over 4 m, which includes 173.9 g/t Au over 1 m; and 2.13 g/t Au over 7 m, which includes 7.48 g/t Au over 1.3 m.

Under the terms of the Disson agreement dated December 7, 2010, TargetCo. issued 250,000 shares of its common stock and paid \$15,000 to the vendors. TargetCo. is also obligated to issue an additional 1,250,000 common shares and pay \$245,000 as follows:

- (a) \$20,000 within seven days of TargetCo. completing a going public transaction.
- (b) \$35,000 and 250,000 shares on the first anniversary of the agreement.
- (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

TargetCo. is required to expend \$300,000 in exploration on the mineral claims over a period of three years from the date of the agreement.

Upon completion of these obligations TargetCo. will obtain title to the claims, subject to a NSR of 1%, of which a 0.5% NSR may be acquired upon payment of \$1,000,000.

Under a separate agreement a total of 32 of the Disson mining claims are subject to a 1% Gross Metal Royalty with a third party.

Effective August 1, 2011, TargetCo. staked an additional 40 claims, a total of 22.6 sq km, adjacent to the Disson property to cover the western extension of the deformation zone underlying the Disson property.

### **Launay Claims**

The Launay property is located 48 km northeast of Rouyn-Noranda, Quebec. Totalling 11.32 sq km, the property consists of 28 non-contiguous claims situated along or in the vicinity of the northwest trending over 65 km long, Macamic Deformation Zone. Scattered historic drilling along a 20 km stretch of this deformation zone and subsidiary faults has returned results up to 347 g/t Au over 1.0 m, 264 g/t Au over 0.8 m, 235.9 g/t Au over 0.2 m, 96 g/t Au over 0.7 m and 16 g/t Au over 1.2 m. The Launay claims straddle some 5 km of the Macamic Deformation Zone or subsidiary faults. Highlights from historical drilling on the property include 10.29 g/t Au over 4.11 m, which includes 35.66 g/t Au over 1.07 m.

TargetCo. issued 250,000 shares of its common stock and paid \$10,000 to the vendors upon signing the Launay agreement dated December 7, 2010. TargetCo. is obligated to issue an additional 750,000 common shares and pay \$90,000 as follows:

- (a) \$15,000 within seven days of TargetCo. completing a going public transaction.
- (b) \$20,000 and 250,000 shares on the first anniversary of the agreement.
- (c) \$25,000 and 250,000 shares on the second anniversary.

- (d) \$30,000 and 250,000 shares on the third anniversary.

TargetCo.'s exploration commitments total \$250,000 over a period of three years.

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

### **Quevillon Claims**

The Quevillon property is centered some 7 km southwest of Lebel-sur-Quevillon, Quebec and situated 12 km southeast of Maudore Minerals Ltd. Comtois property. The Quevillon property consists of 46 claims in two separate blocks, totalling 6.78 sq km that include or surround known gold-copper showings. Historical results from showings within the claim blocks include 72.8 g/t Au over 0.3 m (outcrop) and 13.7 g/t Au over 1 m (trenching); drilling highlights include 3.2 g/t Au over 1.1 m.

TargetCo. issued 50,000 shares of its common stock and paid \$5,000 to the vendors upon signing the Quevillon agreement dated December 7, 2010, amended as of July 20, 2011. TargetCo. is also committed to issue an additional 200,000 common shares and pay \$45,000 as follows:

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

In order to maintain good standing on these claims TargetCo. is required to perform \$50,000 in exploration 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 TargetCo., subject to a NSR of 2%, of which a 1% NSR may be acquired upon payment of \$1,000,000.

### **Kipawa Claims**

The Kipawa mining claims consist of 45 mining claims for which TargetCo. issued 50,000 shares of its common stock to the vendors upon signing the Kipawa agreement dated December 2, 2010. TargetCo. is obligated to pay \$4,500 within seven days of TargetCo. closing a going public transaction. Upon payment of \$4,500 TargetCo. shall obtain title to the Kipawa claims.

### **21M16 Claims**

TargetCo. entered into an agreement dated November 9, 2010, amended as of July 20, 2011, to acquire an option to acquire a 100% interest in the 21M16 Claims consisting of 56 mining claims. Pursuant to the terms of the agreement, TargetCo. is obligated to issue 400,000 shares of its common stock and pay \$10,000 to the vendors, of which 400,000 shares were issued and \$5,000 was paid. The residual \$5,000 will be paid six months after the signing of the agreement.

Upon successful completion of all these obligations the vendor shall transfer title to the claims to TargetCo., subject to a NSR of 1%.

### Uranium 22B15 Claims/New Claims

The Uranium 22B15 mining claims consisted of 293 mining claims for which TargetCo. issued 500,000 shares of its common stock and paid \$15,000 to the vendors upon signing the Uranium 22B15 agreement dated December 2, 2010.

On March 31, 2011, TargetCo. entered into an agreement to terminate the Uranium 22B15 agreement pursuant to which TargetCo. obtained 44 other mining claims for \$1. These mining claims are located south of Rouyn-Noranda, Quebec. These non-contiguous claims cover a total area of some 25 sq km and are situated south of the prolific Larder Lake – Cadillac Fault, within rocks of the Pontiac Subprovince. These claims are distributed in three main blocks or properties; Lac Evain, 391, and Kinojevis.

**Lac Evain Property:** Located some 20 km west-southwest of Rouyn-Noranda, the property comprises 21 non-contiguous claims and covers 10.07 sq km. Previous exploration has revealed sulphide mineralization, locally nickeliferous, associated with mafic to ultramafic units. Mineralized talc-chlorite-sericite schists associated with east-west shear zones have also been observed. Similar type schists in the wider area have been explored for their potential for gold mineralization.

**391 Property:** Located 12.5 km southwest of Rouyn-Noranda, the property consists of 9 non-contiguous claims and covers 4.72 sq km. The property is at a grassroots level.

**Kinojevis Property:** Located some 15 km southeast of Rouyn-Noranda, the property totals 14 contiguous claims and covers 7.98 sq km. The property is at grassroots level.

Management is currently in the process of determining TargetCo.'s interest in exploring the new claims.

### COMPETITORS OF TARGETCO.

The competitors of TargetCo. will be the competitors of the Resulting Issuer. See "Information Concerning the Resulting Issuer – Business Operations – Competitors of the Resulting Issuer."

### SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

#### *Selected Information*

Summarized selected financial information with respect to Lakeside for the three month period ended April 30, 2011 and the twelve month periods ended January 31, 2011 and 2010 is as follows:

	April 30, 2011	January 31, 2011	January 31, 2010
Total expenses	\$224,817	\$150,001	\$-
Net (Loss)	(224,817)	(133,203)	-
(Loss) per share	(0.02)	(0.075)	-
Total assets	847,550	561,852	-
Total liabilities	180,366	81,411	-
Shareholders' equity	667,184	480,441	-

Cash dividends declared - - -

### ***Quarterly Information***

Lakeside did not carry out any commercial activity and was dormant for the year ended January 31, 2010. The three months ended January 31, 2011 represent the first period of activity for Lakeside.

(except LPS)								
Quarter	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Fiscal Yr.	2012	2011	2011	2011	2011	2010	2010	2010
Net (loss)	(224,817)	(133,203)	-	-	-	-	-	-
(Loss) per share	(0.02)	(0.075)	-	-	-	-	-	-

### ***Management's Discussion and Analysis***

Management's discussion and analysis of the financial condition and results of operations of the Corporation for the fiscal year ended January 31, 2011 is attached to this Information Circular as Schedule "I". This management's discussion and analysis should be read in conjunction with the selected financial information set forth above and the financial statements and the accompanying notes thereto attached to this Information Circular as Schedule "H".

Certain information included in such Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Statements".

### **AUTHORIZED CAPITAL**

TargetCo. is authorized to issue an unlimited number of common shares. As at the date of this Information Circular, there were 16,422,767 TargetCo. Shares issued and outstanding. The holders of the TargetCo. Shares have the right: (i) to receive notice of and attend all meetings of TargetCo. Shareholders, and each TargetCo. Share confers the right to one vote in person or by proxy at any meeting of TargetCo. Shareholders; (ii) to receive any dividend declared by TargetCo.; and (iii) to receive the remaining property of TargetCo. on the liquidation, dissolution or winding up of TargetCo.

In addition, as of the date hereof, 2,300,000 TargetCo. Options, 4,526,333 TargetCo. Warrants and 179,013 TargetCo. Compensation Options are outstanding.

### **DIVIDENDS**

TargetCo. has neither declared nor paid any dividends on the TargetCo. Shares and does not currently anticipate paying dividends.

**CONSOLIDATED CAPITALIZATION**

The following table sets forth TargetCo.'s share and loan capital for and as of the end of the periods indicated. This information is derived from the financial statements of TargetCo., which can be found elsewhere in this Information Circular.

Designation of Security	Authorized	Outstanding as at January 31, 2011 (prior to giving effect to the Amalgamation) (audited)	Outstanding as at September 28, 2011 (prior to giving effect to the Amalgamation and the RTO Financing (unaudited))
Common Shares	Unlimited	\$468,917 (10,005,100 Shares)	\$1,042,264 (16,422,767 Shares)
Warrants		1,382,500	4,526,333
Long-term Debt	N/A	Nil	Nil

**Notes:**

- (1) The deficit as at January 31, 2011 is (\$133,203).  
(2) There are 2,300,000 TargetCo. Options outstanding.

**PRIOR SALES**

In the twelve month period preceding the date of this Information Circular, the following TargetCo. securities have been issued:

Date of Issuance	Number & Type of TargetCo. Securities	Issue Price Per Security	Nature of Consideration Received	Comments
October 1, 2010	1,000,000 common shares	nominal	Cash	Issued to FOI
December 1, 2010	3,740,000 common shares	\$0.05	Cash	Issued to TargetCo. directors and officers
Between October 19, 2010 and December 7, 2010	2,500,000 common shares	\$0.05	Property	--
December 29, 2010	2,060,000 units, each consisting of 1 flow-through common share and one-half warrant	\$0.10	Cash	530,000 units were issued to TargetCo. directors and officers
December 29, 2010	705,000 units, each consisting of 1 common share and one-half warrant	\$0.10	Cash	--
April 4, 2011	2,050,000 units, each consisting of 1 flow-through common share and one-half warrant	\$0.10	Cash	250,000 units were issued to TargetCo. directors

<u>Date of Issuance</u>	<u>Number &amp; Type of TargetCo. Securities</u>	<u>Issue Price Per Security</u>	<u>Nature of Consideration Received</u>	<u>Comments</u>
April 4, 2011	2,000,000 units, each consisting of 1 common share and one-half warrant	\$0.10	Cash	--
May 1, 2011	130,000 common shares	\$0.10	Consulting services	A TargetCo. director holds 40% of the consultant
August 12, 2011	250,000 units, each consisting of 1 flow-through common share and one-half warrant	\$0.20	Cash	250,000 units were issued to TargetCo. officers
August 12, 2011	1,024,000 units, each consisting of 1 common share and one-half warrant	\$0.15	Cash	169,000 units were issues to TargetCo. directors and officers
September 28, 2011	50,000 Units, each consisting of 1 flow-through common share and one-half warrant	\$0.20	Cash	--
September 28, 2011	913,667 units, each consisting of 1 common share and one-half warrant	\$0.15	Cash	--
<b>Total</b>	<b>16,422,667 common shares and 4,526,333 warrants</b>			

## EXECUTIVE COMPENSATION

For a summary of the current directors and officers of TargetCo., see "Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Management".

Other than as described below under "Employment and Management Contracts", as of the date hereof, no equity or non-equity based compensation (including salaries, fees, commissions, bonuses or options), has been paid to the directors or officers of TargetCo.

### *Employment and Management Contracts*

TargetCo. and Cavalry Corporate Solutions Ltd. ("**Cavalry**") entered into a management services agreement on November 1, 2010, amended as of September 27, 2011. Cavalry is an entity in which FFHC is a major shareholder. In consideration for services TargetCo. agreed to pay \$4,000 per month for the first three month period and \$5,000 per month until October 31, 2011.

TargetCo. and Mario Justino entered into an employment agreement on March 23, 2011, amended as at June 22, 2011 relating to Mr. Justino's original appointment as Vice-President Explorations of TargetCo. The agreement provided for an annual salary of \$130,000 for the period March 31-December 31, 2011, \$140,000 for the 2012 calendar year and \$150,000 for the 2013 calendar year. The agreement also provided for the grant to Mr. Justino of 300,000 options at an exercise price of \$0.20, which options vest over 24 months. Upon Mr. Justino being appointed as President and Chief Executive Officer of TargetCo. on June 22, 2011, the agreement was amended to provide for, among other things, a cash bonus of \$25,000 to Mr. Justino and the grant to Mr. Justino of 200,000 options at an exercise price of \$0.40. Either TargetCo. or Mr. Justino can terminate the agreement at any time. Notice of termination from TargetCo. to Mr. Justino or pay in lieu of notice shall be based on the length of continuous employment of Mr. Justino. Where Mr. Justino has been continuously employed by TargetCo. for less than one (1) year Mr. Justino will be entitled to twelve (12) weeks prior notice; or payment in lieu of notice equal to twelve (12) weeks' salary. Where Mr. Justino has been continuously employed by TargetCo. for one (1) year or more, in addition to the twelve (12) weeks notice or pay in lieu of notice, he shall also be entitled to an additional four (4) weeks prior notice; or payment in lieu of notice equal to four (4) weeks' salary. Mr. Justino can terminate the agreement under the same notice provisions as apply to TargetCo.

Other than the employment agreement with Mr. Justino, TargetCo. currently has no written employment agreements in place. No management functions of TargetCo. are performed to any substantial degree by a person other than the directors or senior officers of TargetCo.

### ***Compensation of Directors***

Directors of TargetCo. are not currently paid any fees for their services as directors and there are no formal arrangements in place for the compensation of directors at this time. The directors are entitled to be reimbursed for their expenses incurred to attend meetings of TargetCo. and are entitled to receive options to purchase TargetCo. Shares.

### **STOCK OPTIONS**

TargetCo. awards stock options to directors, management, and advisors of TargetCo. Options are granted at the fair market value of the shares on the day granted. The compensation expense is recognized when options are issued over the vesting term.

The table below reflects all option-based awards for each Named Executive Officer outstanding as at September 29, 2011.

<b>OPTION-BASED AWARDS OUTSTANDING AS AT SEPTEMBER 29, 2011</b>				
<b>Name of Named Executive Officer</b>	<b>Number of Securities Underlying Unexercised Options<sup>(1)</sup></b>	<b>Option Exercise Price (CDN\$/Security)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised In-the-Money Options (CDN\$)<sup>(2)</sup></b>
Mario Justino	300,000 <sup>(3)</sup> 200,000	\$0.20 \$0.40	March 23, 2016 June 22, 2016	-
Yannis Banks <sup>(4)</sup>	200,000	\$0.20	December 16, 2015	-
Chris Hazelton	200,000	\$0.20	June 13, 2016	-

**Notes:**



- (1) Each TargetCo. Option entitles the holder to purchase one TargetCo. Share.
- (2) There was no market price at the end of December 31, 2010 as the TargetCo. Shares were not listed.
- (3) 50,000 TargetCo. Options vest on each of March 23, 2012, September 23, 2012 and March 23, 2013.
- (4) Yannis Banks was President of TargetCo. until June 22, 2011.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Since the date of incorporation and as of the date hereof, there was no indebtedness owing to TargetCo. by any director, executive officer, employee or former director, executive officer or employee of TargetCo. or by any associate of any such person.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as described herein, management of TargetCo. is not aware of any material interest, direct or indirect, in any matter to be acted upon at the Meeting, other than the election of directors, by way of beneficial ownership of securities or otherwise, of any director or executive officer of TargetCo., each proposed nominee for election as director of the Corporation and each associate or affiliate of any of the foregoing.

Messrs. Goldman, Banks and Szweras, who are proposed for election and/or appointment as directors and/or officers of the Resulting Issuer, are principals, officers and/or directors of:

1. TargetCo.;
2. FFHC, the direct or indirect holder of all the issued and outstanding shares of FOI and Foundation Markets Inc.;
3. FOI, a wholly owned subsidiary of FFHC, that (i) currently owns an interest in TargetCo. and will, after Closing of the Acquisition, hold an interest in the Resulting Issuer (without taking into effect the RTO Financing); and (ii) currently provides financial advisory and consulting services to TargetCo. and will, after Closing of the Acquisition, provide such services to the Resulting Issuer. See "Information Concerning the Resulting Issuer – Conflicts of Interest"; and
4. Foundation Markets Inc., a private investment bank which will act as co-lead Agent on the RTO Financing and has acted and may act as agent or provide other services to TargetCo., the Corporation and the Resulting Issuer.

#### **NON-ARM'S LENGTH PARTY TRANSACTIONS**

On October 1, 2010, TargetCo. issued 1,000,000 common shares to FOI, for total consideration of \$100. FOI is a subsidiary of FFHC. FFHC is an entity in which Messrs. Banks, Goldman and Szweras are principals, officers and/or directors.

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

On October 15, 2010, TargetCo. and FOI entered into a financial advisory and consulting agreement. In consideration for services TargetCo. agreed to pay a fee of \$7,000 per month for a period of eighteen months. In addition, TargetCo. agreed to pay a success fee of \$75,000 upon the successful completion of a going public transaction. For the year ended January 31, 2011 TargetCo. paid FOI \$28,000 for financial advisory and consulting services rendered. For the three months ended April 30, 2011 TargetCo. paid FOI \$21,000 for financial advisory and consulting services rendered. In addition, Foundation Markets Inc., a

subsidiary of FFHC received a commission payment of \$3,000 for the placement of TargetCo.'s common shares during the April 4, 2011 private placement.

In connection with an interim financing of TargetCo. that closed on August 12, 2011 and September 28, 2011, TargetCo. paid Foundation Markets Inc. a fee equal to 8% of the gross proceeds raised (resulting in a fee of \$28,052) and issued to Foundation Markets Inc. compensation options equal to 8% of the number of units sold (resulting in 179,013 TargetCo. Compensation Options).

TargetCo. and Cavalry Corporate Solutions entered into a management services agreement on November 1, 2010, amended as of September 27, 2011. Cavalry is an entity in which FFHC is a major shareholder. See "Employment and Management Contracts" above.

During the year ended January 31, 2011, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras, an officer of TargetCo., is also a partner, provided \$10,705 of legal services. During the three months ended April 30, 2011, Fogler provided \$16,634 of legal services. 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. TargetCo. settled amounts due to Fogler and has accrued \$71,200 in relation to these past costs.

TargetCo. entered into a general consultancy agreement with CCIC in which Scott Jobin-Bevans, a director of TargetCo. is a significant shareholder. CCIC was engaged to provide a NI 43-101 report and field work on the Dufay Property. CCIC provided \$65,770 of consulting services during the period year ended January 31, 2011 and \$88,978 of consulting services during the three month period ended April 30, 2011.

TargetCo. entered into an agency agreement with MinePros Personnel Inc. ("MinePros") in which Scott Jobin-Bevans a director of TargetCo. is a significant 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 period ended April 30, 2011. At April 30, 2011, accounts payable and accrued liabilities included \$29,380 due to MinePros. Subsequent to the period ended April 30, 2011, \$13,000 of the payment was made by 130,000 common shares of TargetCo. at an ascribed price of \$0.10 per common share.

These transactions are in the normal course of business and are measured at the exchange amounts.

In connection with the RTO Financing, TargetCo. will enter into the Agency Agreement with Foundation Markets Inc. and Union Securities Ltd. which will provide that TargetCo. will pay the Agents a cash fee equal to 8% of the gross proceeds raised. Foundation Markets Inc. received a waiver from the TSXV in order to be eligible to receive this cash fee. Union Securities Ltd is entitled to receive Compensation Options equal to 8% of the number of TargetCo. Units sold in the RTO Financing. Each Compensation Option entitles the holder to purchase one non flow-through TargetCo. Unit under the same terms as under the RTO Financing.

Foundation Markets Inc. will not receive any Compensation Options in its role as co-lead Agent in the RTO Financing. All Compensation Options will be allocated to Union Securities Ltd. and registered, arms length selling agents. Other than as described herein, there is no acquisition or proposed acquisition of assets or services, where TargetCo. obtained such assets or services from any director, officer, promoter or principal securityholder of TargetCo. or any Associate or Affiliate of such persons.

**LEGAL PROCEEDINGS**

Management of TargetCo. knows of no legal proceedings, contemplated or actual, involving TargetCo. which is material to TargetCo.

**MATERIAL CONTRACTS**

TargetCo. has not entered into any material contracts other than in the ordinary course of business within the previous two years prior to the date hereof, with the exception of the following:

- (a) Property option agreements relating to the Lakeside Mineral Claims, referred to under "Information Concerning TargetCo. – Narrative Description of the Business";
- (b) Financial advisory and consulting agreement with FOI dated October 15, 2010, referred to under "Information Concerning TargetCo. – Non-Arm's Length Party Transactions";
- (c) Management services agreement with Cavalry Corporate Solutions dated November 1, 2010, amended as of September 27, 2011, referred to under "Information Concerning TargetCo. – Non-Arm's Length Party Transactions";
- (d) Employment agreement with Mario Justino dated March 23, 2011, as amended, referred to under "Information Concerning TargetCo. – Executive Compensation – Employment and Management Contracts";
- (e) Letter Agreement;
- (f) engagement letter relating to the Agency Agreement; and
- (g) Amalgamation Agreement.

Copies of the above agreements will be available for inspection at the offices of Fogler, Rubinoff LLP, 95 Wellington Street West, Suite 1200, Toronto-Dominion Centre, Toronto, Ontario M5J 2Z9, during ordinary business hours on any business day up to the Closing of the Acquisition and for a period of 30 days thereafter.

**PROMOTER**

FFHC, FOI and Foundation Markets Inc. can be considered promoters of TargetCo. and the Resulting Issuer, in that they have taken the initiative in organizing the business and affairs of TargetCo. and pursuing the Acquisition. Upon Closing of the Acquisition, FFHC, through its subsidiaries FOI and Foundation Markets Inc, will own or control, directly or indirectly, an aggregate of 3,347,630 Common Shares. See "Information Concerning the Resulting Issuer – Conflicts of Interest".

## PART VI INFORMATION CONCERNING THE RESULTING ISSUER

*The information contained in this part of this Information Circular assumes that the Shareholders approve the Acquisition and the Supporting Transactions.*

*For the purposes of this Part of this Information Circular, the Corporation will be referred to as the "Resulting Issuer".*

### CORPORATE STRUCTURE

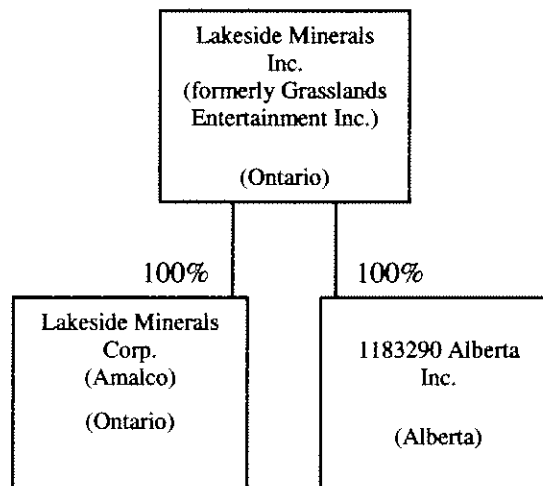
#### *Name and Incorporation*

Following the Closing of the Acquisition, the Resulting Issuer, formerly identified as the Corporation, will have the name "Lakeside Minerals Inc." and will be continued under the OBCA. It is expected that the head and registered office of the Resulting Issuer will be that of TargetCo., being 95 Wellington Street West, Suite 1200, Toronto-Dominion Centre, Toronto, Ontario, M5J 2Z9.

#### *Intercorporate Relationships*

Following the completion of the Acquisition, the Resulting Issuer will hold 100% of the issued and outstanding shares of TargetCo., which will be amalgamated under the OBCA with the name "Lakeside Minerals Corp.". The Resulting Issuer will also hold 100% of the issued and outstanding shares of 1183290 Alberta Inc., a company incorporated under the ABCA.

The corporate structure of the Resulting Issuer upon completion of the Acquisition will be as follows:



### NARRATIVE DESCRIPTION OF THE BUSINESS

#### *Business Objectives*

The Resulting Issuer will be a junior mineral exploration company that engages in the acquisition, exploration and development of mineral resource properties in Canada. The Resulting Issuer's financial success will be dependent upon the extent to which it can make discoveries of minerals at its optioned

properties and on the economic viability of any such discovery. The development of such properties may take years to complete and the resulting income, if any, is difficult to determine with any certainty. See "Information Concerning TargetCo. – Narrative Description of the Business".

### ***Milestones***

The Resulting Issuer will spend the funds available to it on the Closing of the Acquisition and the Related Transactions to carry out the exploration and development program on the Dufay Property in accordance with the recommendations contained in the Dufay Report. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. The Resulting Issuer will redirect funds only on the basis of a written recommendation from an independent geologist or engineer.

The Corporation and TargetCo. believe that the Resulting Issuer's working capital available to fund ongoing operations upon completion of the RTO Financing will be sufficient to meet its obligations, as currently contemplated, for a minimum of 12 months.

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

The Corporation and TargetCo. expect that the Resulting Issuer will carry out a work program on the Dufay Property consisting of an office-based 2/3D compilation and summer field exploration program. A budget for the first phase of the exploration program for the Dufay Property has been recommended by the Dufay Report. See "Information concerning TargetCo. – Narrative Description of the Business – Dufay Claims – Recommendations".

### **DESCRIPTION OF SECURITIES**

After Closing of the Acquisition, the authorized capital of the Resulting Issuer will consist of an unlimited number of common shares and an unlimited number of preferred shares. Upon Closing of the Acquisition, assuming the Share Consolidation has occurred but without taking into effect the RTO Financing, it is anticipated that an aggregate of 19,822,306 Common Shares will be issued and outstanding as fully paid and non-assessable. Upon Closing of the Acquisition, no preferred shares will be issued and outstanding.

Upon the Closing of the Acquisition the TargetCo. Options will be cancelled and replaced with options of the Resulting Issuer under the Rolling Plan, the TargetCo. Warrants will be cancelled and replaced with warrants of the Resulting Issuer and the TargetCo. Compensation Options will be cancelled and replaced with compensation options of the Resulting Issuer. The options, warrants and compensation options issued by the Resulting Issuer upon the Closing of the Acquisition will have the same exercise price and expiry date (and vesting terms, if applicable) as the corresponding TargetCo. Options, TargetCo. Warrants and TargetCo. Compensation Options. Therefore, after Closing of the Acquisition, 2,450,000 Common Shares will be reserved for issuance pursuant to the exercise of the former TargetCo. Options, 4,526,333 Common Shares will be reserved for issuance pursuant to the exercise of the former TargetCo. Warrants, 179,013 Common Shares will be reserved for issuance pursuant to the exercise of the former TargetCo. Compensation Options and 89,507 Common Shares will be reserved for issuance pursuant to the exercise of the former TargetCo. Warrants underlying the former TargetCo. Compensation Options.

The holders of Common Shares after the Closing of the Acquisition will be entitled to receive notice of and attend any meeting of the Resulting Issuer's shareholders and are entitled to one vote for each Common Share held. Holders of Common Shares are entitled to receive dividends, if, as and when declared by the Board of Directors and to receive a proportionate amount, on a per share basis, of the assets of the Corporation available for distribution in the event of a liquidation, dissolution or winding-up of the Corporation.

## PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the *pro forma* capitalization of the Resulting Issuer on a consolidated basis, based on the *pro forma* consolidated financial statements contained in this Information Circular, after giving effect to the Closing of the Acquisition and the RTO Financing.

Designation of Security	Amount Authorized or to be Authorized	Amount outstanding as at September 28, 2011 after giving effect to the Acquisition (without giving effect to the RTO Financing)	Amount outstanding as at September 28, 2011 after giving effect to the Acquisition and the Minimum RTO Financing	Amount outstanding as at September 28, 2011 after giving effect to the Acquisition and the Maximum RTO Financing
Common Shares	Unlimited	(19,822,306 Shares) <sup>(1)</sup>	(27,622,306 Shares) <sup>(1)(2)</sup>	(43,322,306 Shares) <sup>(1)(2)</sup>
Warrants	N/A	(4,526,333 Warrants) <sup>(3)</sup>	(8,426,333 Warrants) <sup>(2)(3)</sup>	(16,276,333 Warrants) <sup>(2)(3)</sup>
Options	N/A	(2,450,000 Options) <sup>(3)</sup>	(2,450,000 Options) <sup>(3)</sup>	(2,450,000 Options) <sup>(3)</sup>
Compensation Options	N/A	(179,013 Compensation Options) <sup>(3)</sup>	(803,013 Compensation Options) <sup>(4)</sup>	(2,059,013 Compensation Options) <sup>(4)</sup>

### Notes:

- (1) Certain of the Common Shares will be subject to escrow restrictions upon Closing of the Acquisition. See "Information Concerning the Resulting Issuer – Escrowed Securities".
- (2) Assuming the completion of the RTO Financing of a minimum of 7,800,000 units for gross proceeds of \$1,700,000, each unit comprised of one (1) TargetCo. Share and one half (½) of one TargetCo. common share purchase warrant. See "Information Concerning the Amalgamation – RTO Financing".
- (3) Upon the Closing of the Acquisition the TargetCo. Options will be cancelled and replaced with options of the Resulting Issuer under the Rolling Plan, the TargetCo. Warrants will be cancelled and replaced with warrants of the Resulting Issuer and the TargetCo. Compensation Options will be cancelled and replaced with compensation options of the Resulting Issuer. The options, warrants and compensation options issued by the Resulting Issuer upon the Closing of the Acquisition will have the same exercise price and expiry date (and vesting terms, if applicable) as the corresponding TargetCo. Options, TargetCo. Warrants and TargetCo. Compensation Options.
- (4) Assuming that Compensation Options to acquire that number of non flow-through TargetCo. Units equal to up to 8% of the TargetCo. Units under the RTO Financing are granted to any agent, underwriter and/or finder acting on the RTO Financing. Such Compensation Options will be exercisable into non flow-through TargetCo. Units identical in exercise terms to those issued under the RTO Financing and exercisable for a period of two (2) years from the issue date, subject to acceleration in certain circumstances. Foundation Markets Inc. will not receive any Compensation Options in its role as co-lead Agent in the RTO Financing. All Compensation Options will be allocated to Union Securities Ltd. and registered, arms length selling agents.

## FULLY DILUTED SHARE CAPITAL OF THE RESULTING ISSUER

The following table states the diluted share capital of the Resulting Issuer upon the Closing of the Acquisition and after giving effect to the RTO Financing:

	<b>Number of Common Shares after giving effect to the Acquisition</b>	<b>Percentage of Common Shares after giving effect to the Acquisition</b>	<b>Number of Common Shares after giving effect to the Acquisition and the Minimum RTO Financing<sup>(1)</sup></b>	<b>Percentage of Common Shares giving effect to the Acquisition and the Minimum RTO Financing</b>	<b>Number of Common Shares after giving effect to the Acquisition and the Maximum RTO Financing<sup>(2)</sup></b>	<b>Percentage of Common Shares giving effect to the Acquisition and the Maximum RTO Financing</b>
Common Shares held by Corporation's Shareholders after giving effect to the Share Consolidation	3,399,539	12.56%	3,399,539	8.56%	3,399,539	5.22%
Common Shares to be issued upon Closing of the Acquisition (including shares issued to TargetCo. Shareholders)	16,422,767	60.67%	24,222,767	61.01%	39,922,767	61.29%
Common Shares reserved for issuance upon the exercise of Warrants	4,526,333	16.72%	8,426,333	21.22%	16,276,333	24.99%
Common Shares reserved for issuance upon the exercise of Options	2,450,000	9.05%	2,450,000	6.17%	2,450,000	3.76%
Common Shares reserved for issuance upon the exercise of Compensation Options	179,013	0.66%	803,013	2.02%	2,059,013	3.16%
Common Shares reserved for issuance upon the exercise of warrants underlying Compensation	89,507	0.33%	401,507	1.01%	1,029,507	1.58%

Options						
<b>Total Common Shares of the Resulting Issuer (fully diluted)</b>	27,067,159	100%	39,703,159	100%	65,137,179	100%

## Notes:

- (1) Based on the assumption that 2,800,000 flow through TargetCo. Shares and 5,000,000 non-flow through TargetCo. Shares and 3,900,000 TargetCo. Warrants will be issued pursuant to the Minimum RTO Financing.
- (2) Based on the assumption that 6,000,000 flow through TargetCo. Shares and 17,500,000 non-flow through TargetCo. Shares and 11,750,000 TargetCo. Warrants will be issued pursuant to the Maximum RTO Financing.

**AVAILABLE FUNDS AND PRINCIPAL PURPOSES***Funds Available*

The estimated working capital available to the Resulting Issuer upon Closing of the Acquisition will be as set out in the table below, taking into account the completion of the RTO Financing (and after deducting costs associated with the Closing of the Acquisition and the RTO Financing). The Corporation and TargetCo. believe that the Resulting Issuer's working capital available to fund ongoing operations upon completion of the RTO Financing will be sufficient to meet its obligations, as currently contemplated, for a minimum of 12 months.

	Available Funds (assuming completion of the Minimum RTO Financing)	Available Funds (assuming completion of the Maximum RTO Financing)
Estimated consolidated working capital (deficiency) of the Corporation and TargetCo. as at September 28, 2011	\$103,000	\$103,000
Gross Funds raised assuming completion of the RTO Financing	\$1,700,000	\$5,000,000
Estimated closing costs of the RTO Financing and the Closing of the Acquisition	(\$426,000) <sup>(1)</sup>	(\$690,000) <sup>(1)</sup>
<b>Available Funds</b>	<b>\$1,377,000</b>	<b>\$4,413,000</b>

## Notes:

- (1) Adam Szweras, a proposed officer of the Resulting Issuer, is a partner at Fogler, Rubinoff LLP, legal counsel to TargetCo., which is to receive legal fees in connection with the Closing of the Acquisition. FOI is to receive a success fee of \$75,000 upon the Closing of the Acquisition pursuant to its October 15, 2010 financial advisory and consulting agreement with TargetCo. The directors of Grasslands are to receive aggregate directors fees of \$40,000 upon the Closing of the Acquisition. Foundation Markets Inc., one of the Agents for the RTO Financing, will receive a cash fee equal to 8% of the gross proceeds raised by it in connection with the RTO Financing. Foundation Markets Inc. received a waiver from the TSXV in order to be eligible to receive this cash fee.

*Principal Purposes of Funds*



The following table sets out the estimated principal uses of available funds over the 12 months following the Closing of the Acquisition and the RTO Financing.

<u>Expenditure</u>	<u>Estimated Budgeted Expenditure (assuming completion of the Minimum RTO Financing) <sup>(1)</sup></u>	<u>Estimated Budgeted Expenditure (assuming completion of the Maximum RTO Financing) <sup>(1)</sup></u>
Forecasted Exploration Cost	\$512,375	\$512,375
Contracted Property Payments	\$115,000	\$115,000
General and Administrative	\$640,404	\$640,404
Unallocated Working Capital <sup>(2)</sup>	\$109,221	\$1,305,221
Total:	\$1,377,000	\$2,573,000

Notes:

- (1) After deducting estimated closing costs relating to the Closing of the Acquisition and the RTO Financing in the amount of \$426,000 to \$530,000.
- (2) It is intended that unallocated working capital will be used for general working capital purposes.

The above uses of available funds should be considered as estimates only. After the Amalgamation, management intends to seek additional capital by way of debt or equity financing in order to finance its future business plans. Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult at this time to definitively project the total funds necessary to effect the planned undertakings of the Resulting Issuer. For these reasons, management considers it to be in the best interests of the Resulting Issuer and its shareholders to permit management a reasonable degree of flexibility as to how the Resulting Issuer's funds are employed among the above uses or for other purposes, as the need may arise.

### ***Dividends***

There are no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends subsequent to the Closing of the Acquisition. It is not contemplated that any dividends will be paid on any shares of the Resulting Issuer in the immediate future subsequent to the Closing of the Acquisition, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly allocated to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the common shares of the Resulting Issuer will be eligible for a proportionate amount of any dividends declared and paid on a per share basis.

### **PRINCIPAL HOLDERS OF VOTING SECURITIES**

To the best of the knowledge of the directors and executive officers of the Corporation and TargetCo., there will be no persons or companies who will beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the voting rights attached to the Common Shares after giving effect to the Acquisition and the RTO Financing, other than as set forth below.

Name and Municipality of Residence	Number of Common Shares after giving effect to the Acquisition	Percentage of Common Shares after giving effect to the Acquisition (non-diluted) <sup>(1)</sup>	Percentage of Common Shares after giving effect to the Acquisition (fully diluted) <sup>(1)</sup>	Percentage of Common Shares after giving effect to the Acquisition and the Minimum RTO Financing (non-diluted)	Percentage of Common Shares after giving effect to the Acquisition and the Minimum RTO Financing (fully diluted)	Percentage of Common Shares after giving effect to the Acquisition and the Maximum RTO Financing (non-diluted)	Percentage of Common Shares after giving effect to the Acquisition and the Maximum RTO Financing (fully diluted)
Foundation Financial Holdings Corp. and its Affiliates, Associates and Control Persons <sup>(2)(3)(4)</sup> <i>Ontario</i>	3,347,630	16.89%	12.37%	12.12%	8.43%	7.73%	5.14%

## Notes:

- (1) Does not take into account the completion of the RTO Financing.
- (2) FOI is an Affiliate of FFHC. The Control Persons of FFHC are Yannis Banks, Jeremy Goldman and the Goomie Trust.
- (3) As of the date hereof, FFHC is the registered owner of 387,650 Common Shares, FOI is the registered owner of 2,020,100 TargetCo. Shares, the Goomie Trust is the registered owner of 250,000 TargetCo. Shares, and holding companies for each of Yannis Banks and Jeremy Goldman and the Goomie Trust are each the registered owner of 250,000 TargetCo. Shares.
- (4) After the Acquisition, on a non-diluted basis, FFHC will be the registered owner of 77,530 Common Shares, FOI will be the registered owner of 2,020,100 Common Shares, Adam K. Szwera will be the registered owner of 500,000 Common Shares, and the holding companies for each of Yannis Banks and Jeremy Goldman and the Goomie Trust will each be the registered owner of 250,000 Common Shares. Such shareholdings will constitute 0.39%, 10.19%, 2.52%, 1.26%, 1.26% and 1.26%, respectively, of the shares of the Resulting Issuer on a non-diluted basis.

**DIRECTORS, OFFICERS AND PROMOTERS*****Name, Address, Occupation and Security Holdings***

The following are the names, municipalities of residence and descriptions of the persons who will be the directors and officers of the Resulting Issuer and their positions and offices with the Resulting Issuer after Closing of the Acquisition.

Each of the directors of the Resulting Issuer will hold office until the next annual meeting of the shareholders of the Resulting Issuer or until his successor is duly elected or appointed.

Name, Municipality of Residence and Proposed Position with the Resulting Issuer	Principal Occupation	Number of Common Shares after giving effect to the Acquisition	Percentage of Common Shares after giving effect to the Acquisition (non-diluted)	Percentage of Common Shares after giving effect to the Acquisition and the Minimum RTO Financing (non-diluted)	Percentage of Common Shares after giving effect to the Acquisition and the Maximum RTO Financing (non-diluted)
Mario Justino, 50 <i>Montreal, Quebec Canada CEO and President</i>	CEO and President, Lakeside	100,000	0.50%	0.36%	0.23%
Yannis Banks, 33 <sup>(1)</sup> <i>Toronto, Ontario, Canada  Chairman and Director</i>	Managing Director, Foundation Markets Inc.	250,000	1.26%	0.91%	0.58%
Chris Hazelton, 35 <i>Barrie, Ontario, Canada CFO</i>	Vice President, Cavalry Corporate Solutions Ltd.	Nil	N/A	N/A	N/A
Jeremy Goldman, 40 <sup>(1)</sup> <i>Toronto, Ontario, Canada  Director</i>	President, Foundation Markets Inc.	250,000	1.26%	0.91%	0.58%
Scott Jobin- Bevans, 44 <i>Toronto, Ontario, Canada Director</i>	Director (Founding Partner), Caracle Creek International Consulting Inc.  President and Director, Prospectors and Developers Association of Canada	234,000	1.18%	0.85%	0.54%
Richard Cleath, 59 <i>Duluth, Minnesota, USA Director</i>	VP Exploration, U308 Corporation  President and Chief Operating Officer, Alpaca Resources Inc.	135,000	0.68%	0.49%	0.31%
Andres Tinajero, 37 <i>Toronto, Ontario, Canada Director</i>	CFO, Vena Resources Inc.	300,000	1.51%	1.09%	0.69%
Jean-Pierre Chauvin, 63 <i>Oakville, Ontario, Canada Director</i>	President, Chauvin Engineering Ltd.	100,000	0.50%	0.36%	0.23%
Jean-Francois Pelland, 40 <i>Montreal, Quebec, Canada</i>	Partner, McMillan Binch LLP  Director, Nevada Exploration Inc.	320,000	1.61%	1.16%	0.74%

<i>Director</i>					
Adam Szwera, 40 <i>Thornhill, Ontario, Canada Secretary</i>	Partner, Fogler, Rubinoff LLP	500,000	2.52%	1.81%	1.15%

## Notes:

(1) After the Acquisition, on a non-diluted basis, FFHC will be the registered owner of 77,530 Common Shares, FOI will be the registered owner of 2,020,100 Common Shares, Adam K. Szwera will be the registered owner of 500,000 Common Shares, and the holding companies for each of Yannis Banks and Jeremy Goldman and the Goomie Trust will each be the registered owner of 250,000 Common Shares. Such shareholdings will constitute 0.39%, 10.19%, 2.52%, 1.26%, 1.26% and 1.26%, respectively, of the shares of the Resulting Issuer on a non-diluted basis.

Following the Closing of the Acquisition, the board of directors of the Resulting Issuer will establish an audit committee and such other committees of the board as it determines to be appropriate. Following the Closing of the Acquisition, it is anticipated that the Audit Committee will be comprised of Andres Tinajero (Chairman), Jean Francois Pelland and J.P. Chauvin.

Upon the Closing of the Acquisition and assuming the RTO Financing is completed in full, the directors, officers and promoters of the Resulting Issuer as a group will own beneficially, directly and indirectly, or exercise control or direction over 4,636,630 Common Shares of the Resulting Issuer representing approximately 13.91% of the issued and outstanding Common Shares of the Resulting Issuer.

### ***Management***

The following are summaries of the proposed directors and principal management of the Resulting Issuer, including their respective proposed positions with the Resulting Issuer, their principal occupation or employment during the previous five years and relevant educational background. All such individuals currently hold the specified positions with TargetCo.

**Mario Justino, 50, CEO and President** - Mr. Justino has worked as a mineral exploration geologist across Canada and internationally for several mineral exploration companies. In Canada, he has worked in Quebec, Ontario, Nunavut, Nova Scotia, Manitoba, and Labrador. His international exploration experience includes working in Finland, Sweden, French Guiana, and in Portugal. He has conducted property visits to Spain, Morocco, and Mexico. Mr. Justino is fluent in English, French, and Portuguese. He is a member of l'Ordre des géologues du Québec, the Society of Exploration Geologists and the PDAC. He holds a Bachelor of Science (B.Sc. Hons.) degree in Geology from McGill University and a Master of Science (M.Sc.) degree in Geology from Acadia University. Mario Justino will devote one hundred percent (100%) of his time to the Resulting Issuer. Mr. Justino's employment contract with TargetCo. contains non-compete and non-disclosure agreement provisions, and these will continue with the Resulting Issuer.

**Yannis Banks, 33, Chairman & Director** - Mr. Banks is Managing Director of Foundation Markets Inc., a Toronto-based merchant and investment bank, focused on financing and incubating growth companies primarily in the energy and natural resource sectors. Mr. Banks is currently the CEO for Quia Resources Inc. (TSXV: QIA), a junior Columbian gold exploration company; he is also the CEO for Alpaca Resources Inc., a private junior copper exploration company. Mr. Banks has been instrumental in financing numerous companies and advising on project acquisitions in North and South America and Asia. He is a director of Caldera Geothermal Inc., a geothermal exploration and development company focused in the Great Basin of the Western U.S., and was instrumental in founding and financing Quia Resources, a gold exploration company focused in Colombia. Mr. Banks has also spent time volunteering for an NGO in India focused on rural development and in particular water and sanitation in remote areas.

Mr. Banks holds a B.A. in Economics from University of Toronto and a B.A. in Philosophy from McGill University.

**Chris Hazelton, 36, CFO** – Mr. Hazelton joined Cavalry Corporate Solutions Ltd. a private financial and consulting services entity located in Toronto, as Vice President, in February 2011. Mr. Hazelton is a Certified General Accountant with significant experience in a variety of industries. His career focus since 2007 has been in development stage public companies listed in Canada and the US; managing financial statement and MD&A compilation, developing systems of internal controls and liaising with operational management and members of the board of directors. Prior to 2007, Mr. Hazelton worked in a series of public and private entities primarily in management roles in industries that included retail, steel, technology and corporate trust. Mr. Hazelton earned an Honours Bachelor of Commerce degree from McMaster University in 1998 and obtained a CGA accreditation in 2007. Chris Hazelton will devote twenty-five percent (25%) of his time to the Resulting Issuer. Mr. Hazelton's non-compete and non-disclosure requirements are addressed via the management services agreement between Cavalry Corporate Solutions Ltd. and TargetCo., and these will continue with the Resulting Issuer.

**Jeremy Goldman, 40, Director** – Mr. Goldman has been actively involved in the Financial and Technology Sectors since completing his MBA in 1995. He worked for TD Bank as a Senior Analyst, then a Senior Manager in their eCommerce group and later joining BCE Emergis as a Director of Product Management. Mr. Goldman has held leading roles in Sales, Operations and Product Management working with early stage technology companies. These roles led to the development of a successful consultancy advising companies on M&A and capital markets transactions. Mr. Goldman holds a CFA charter.

**Scott Jobin-Bevans, 44, Director** – Mr. Jobin-Bevans is a geologist with more than 20 years of mineral exploration industry experience. From September 2001 until November 2008, Mr. Jobin-Bevans served as Managing Director of Caracle Creek International Consulting Inc. and now serves as a director and founding partner. He is the President and a director of the Prospectors and Developers Association of Canada; a director of Alpaca Resources Inc.; a director of Tiex Inc.; a director of Strike Minerals Inc.; a director of Jiminex Inc.; a director of Mukuba Resources Limited; a director of Ateba Resources Inc.; and has also served as Vice-President Exploration for Takara Resources Inc.; a director of Portage Minerals Inc.; President and a director of Treasury Metals Inc.; a director of Absolut Resources Corp.; and Vice-President Exploration of Pacific North West Capital Corp.

**Richard Cleath, 59, Director** – Mr. Cleath has more than 25 years of experience as a geologist and in managing, organizing, budgeting, planning and executing various mining exploration projects globally. Mr. Cleath is currently the VP of Explorations for Alpaca Resources Inc., a private junior copper mining company. Mr. Cleath served as Vice President, Exploration with U3O8 Corporation ("U3O8"). Prior to U3O8, Mr. Cleath was Vice President, Exploration with Absolut Resources Corp. where he negotiated and acquired the Chaparra mesothermal gold vein project in southern Peru and led the acquisition of the advanced-stage Andorinhas high-grade gold project in Brazil.

**Andres Tinajero, 37, Director** – Mr. Tinajero has over 15 years of business experience, having supported a broad range of industries, including not for profit, manufacturing, mining, and retail; establishing a strong accounting and business skill set, transitioning into the public sector serving in leadership roles for small and medium sized companies in extractive industries. During this same period, he has served as Controller and CFO of a number of start-ups and medium sized public companies across Canada. He holds degrees in Business Administration and an MBA, and is also a Member of the Canadian Institute of Certified Management Accountants, and a member of the Certified Practicing Accountants of Australia.

**Jean Pierre Chauvin, 63, Director** - Mr. Chauvin is an engineer holding a B.Sc. in Mining Engineering from Queen's University with over 30 years of experience in the mining and construction industries. From July 2006 to January 2009, Mr. Chauvin served as Chief Operating Officer of Globestar Mining Corp. and was promoted to President in October 2006. Since 2001, Mr. Chauvin has also acted as President and Senior Consultant of Chauvin Engineering Ltd., based in Oakville, Ontario. This company consults in the mining industry focusing on operational reviews and feasibility studies. He is currently a director of Macusani Yellowcake Inc. and Khan Resources Inc. He is also currently a director of PC Gold Inc., and serves as Chairman of the company's Technical Committee.

**Jean-Francois Pelland, 40, Director** – Mr. Pelland has been a member of the Québec Bar since 1994, he has a domestic and international business law practice with an emphasis in the fields of institutional, public and private financing, mergers and acquisitions, structuring and tax planning for private and public corporations and institutions. Jean-Francois is a partner with McMillan Binch LLP, he is also a director of Nevada Exploration Inc. (TSX-V: NGE), of C Level II International Holding Inc. (TSX-V: CILP) and of Award Capital Inc. (TSX-V: AWD.P)

**Adam Szweras, 40, Secretary** – Mr. Szweras is a partner with the law firm Fogler, Rubinoff LLP and a co-founder of Foundation Markets Inc., a Toronto-based investment bank and exempt market dealer. He has practiced securities law for over 12 years and in his corporate finance and legal practice focuses on financing and going public transactions. He acts for mid-market companies looking to raise capital or make acquisitions and assist private companies in the going public process.

#### ***Promoter Consideration***

FFHC, FOI and Foundation Markets Inc. can be considered promoters of TargetCo. and the Resulting Issuer. Upon Closing of the Acquisition, FFHC will own or control, through its wholly-owned subsidiaries FOI and Foundation Markets Inc., an aggregate of 3,347,630 Common Shares. See "Information Concerning the Acquisition and Supporting Transactions". See also "Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Conflicts of Interest".

#### ***Corporate Cease Trade Orders or Bankruptcies***

Within the past ten years of the date of this Information Circular, none of the individuals proposed for appointment as a director or officer of the Resulting Issuer upon Closing of the Acquisition, nor any promoter of the Resulting Issuer or security holder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been a director, officer or promoter of any other person or company that, while he was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemptions under applicable securities law for a period of more than thirty (30) consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

#### ***Penalties or Sanctions***

Except as disclosed below, none of the individuals proposed for appointment as a director or officer of the Resulting Issuer, nor any promoter of the Resulting Issuer or any shareholder anticipated to hold a

sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer upon Closing of the Acquisition, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making a decision about the Acquisition.

Mr. Adam Szweras, Mr. Goldman and Mr. Yannis are defendants in a lawsuit (the "**Complaint**") filed by Bolsa Resources, Inc. ("**Bolsa**") on May 17, 2011 in the United States District Court for the District of Colorado against a number of parties including Alpaca Resources Inc. ("**Alpaca**"), a number of its subsidiaries, and its advisor and stakeholder Foundation Markets Inc., as well as Foundation Markets Inc.'s directors Jeremy Goldman, Yannis Banks and Adam Szweras in their personal capacities, various former officers or advisors of Bolsa, and the companies of those former officers and advisors. In the Complaint, Bolsa alleges that the defendants noted above conspired with the other defendants (which include former officers, directors and consultants of Bolsa, as well as the former attorney of Bolsa, and their respective companies) to obtain Bolsa's mining claims and confidential and proprietary information relating to the Hill Project, an exploration property held by Alpaca and its subsidiaries. Bolsa seeks monetary damages in an as yet unspecified amount for any profits obtained by the defendants, compensatory damages for the loss of confidential data and economic opportunities, and legal fees and costs relating to this and related litigation. Bolsa also seeks an injunction requiring Alpaca and its defendant subsidiaries to convey their interests in all of the mining properties comprising the Hill Project to Bolsa, preventing Alpaca from using Bolsa's confidential and proprietary information, preventing Alpaca from selling or otherwise encumbering the mining claims at issue, and prohibiting Alpaca from acquiring any interest in any property within 10 miles of the properties at issue. Mr. Szweras has advised the Corporation that he believes that the Complaint is without merit and was likely instigated for strategic and not substantive reasons, and that the defendants intended to defend the Complaint vigorously and to pursue counter claims against Bolsa if deemed advisable.

Jean-Francois Pelland is the remaining director of Arura Pharma Inc. ("**Arura**"), which is subject to cease trade orders issued by the securities commissions (or the equivalent) of Ontario, Manitoba, Alberta, British Columbia and Quebec for failure to file its financial statements. On June 16, 2008, Arura announced that Laboratoires Cosmepro Inc. ("**Cosmepro**"), its primary, wholly-owned subsidiary, had filed for bankruptcy and that Deloitte & Touche had been appointed as receiver on behalf of the first ranking creditor of Cosmepro, Bank of Montreal. In connection with the foregoing, Arura was delisted from the Exchange and listed on the NEX.

### ***Personal Bankruptcies***

None of the individuals proposed for appointment as a director or officer of the Resulting Issuer upon Closing of the Acquisition, nor any promoter of the Resulting Issuer or any shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer upon Closing of the Acquisition, nor any personal holding company of any such person, has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

### ***Conflicts of Interest***

Certain of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon Closing of the Acquisition may serve as directors or officers of other reporting issuers, or may be associated with other reporting issuers or have significant shareholdings in other reporting issuers. To the extent that such other reporting issuers may participate in business or ventures in which the Resulting Issuer may participate, the directors and officers of the Resulting Issuer may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Resulting Issuer will follow the provisions of the OBCA dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Resulting Issuer's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the OBCA. In accordance with the OBCA, the directors and officers of the Resulting Issuer will be required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Other than as set out herein, to the best of their respective knowledge, neither the Corporation nor TargetCo. is aware of the existence of any existing or potential material conflicts of interest between the Corporation and any of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon Closing of the Acquisition, as of the date of this Information Circular.

Messrs. Goldman, Banks and Szweras, who are proposed for election and/or appointment as directors and/or officers of the Resulting Issuer, are principals, officers and/or directors of:

1. TargetCo.;
2. FFHC, the direct or indirect holder of all the issued and outstanding shares of FOI and Foundation Markets Inc.;
3. FOI, a wholly owned subsidiary of FFHC, that (i) currently owns an interest in TargetCo. and will, after Closing of the Acquisition, hold an interest in the Resulting Issuer; and (ii) currently provides financial advisory and consulting services to TargetCo. and will, after Closing of the Acquisition, provide such services to the Resulting Issuer. See "Information Concerning the Resulting Issuer-Conflicts of Interest"; and
4. Foundation Markets Inc., a private investment bank which will act as co-lead Agent on the RTO Financing and has acted and may act as agent or provide other services to TargetCo., the Corporation and the Resulting Issuer.

### ***Other Reporting Issuer Experience***

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

<u>Name</u>	<u>Name and Jurisdiction of Reporting Issuer</u>	<u>Position</u>	<u>Exchange</u>	<u>From</u>	<u>To</u>
Andres Tinajero	Goldgroup Mining Inc. (formerly Sierra Minerals Inc.) (Quebec)	CFO	TSX	July 2009	July 2010
	Trelawney Mining and Exploration Inc. (Ontario)	VP Finance & CFO	TSXV	January 2008	Present



<u>Name</u>	<u>Name and Jurisdiction of Reporting Issuer</u>	<u>Position</u>	<u>Exchange</u>	<u>From</u>	<u>To</u>
	Azabache Energy Inc. (formerly, Argenta Oil & Gas Inc.) (Canada)	CFO	TSXV	January 2009	June 2010
	Vena Resources Inc. (Ontario)	VP Finance & CFO	TSX	January 2008	Present
	Quia Resources Inc. (Ontario)	CFO	TSXV	December 2010	Present
	Portage Minerals Inc. (Canada)	CFO	TSX	January 2008	November 2010
	Canada Lithium Corp. (Ontario)	CFO	TSX	March 2008	November 2009
	Hy Lake Gold Inc. (Ontario)	CFO	CNSX	November 2009	January 2011
Richard Cleath	U308 Corp. (Ontario)	Vice President	TSXV	July 2006	September 2010
	Absolut Resources Corp. (Yukon)	Director	TSXV	January 2005	July 2006
Scott L. Jobin-Bevans	Maudore Minerals Ltd. (Ontario)	Director	TSXV	June 2011	Present
	Treasury Metals Inc. (Ontario)	President and Director	TSX	January 2008	April 2011
	Mukuba Resources Ltd. (Ontario)	Director	TSXV	November 2008	Present
	Jiminex Inc. (Canada)	Director	TSXV	October 2010	Present
	Strike Minerals Inc. (Ontario)	Director	TSXV	October 2010	Present
	Ateba Resources Inc. (Ontario)	Director	CNQ	April 2011	Present
	Tiex Inc. (Alberta)	Director and Chairman	TSXV	January 2011	Present
	Alpaca Resources Inc. (Ontario)	Director	Reporting issuer	March 2010	Present
	Takara Resources Inc. (Canada)	VP Exploration	TSXV	August 2007	July 2008
	Absolut Resources Corp. (Yukon)	Director	TSXV	June 2006	March 2008
	Portage Minerals Inc. (Canada)	Director	Reporting issuer	March 2009	October 2010
	Pacific North West Capital Corp. (British Columbia)	VP Exploration	TSXV/TSX	May 2002	May 2003
Adam Szweras	Koda Resources Ltd. (British Columbia)	Director	TSXV	April 2000	June 2003
	Willowstar Capital Corp. (British Columbia)	Director	TSXV	August 2004	November 2005
	Silver Shield Resources (Ontario)	Director	TSXV	December 2007	January 2009

<u>Name</u>	<u>Name and Jurisdiction of Reporting Issuer</u>	<u>Position</u>	<u>Exchange</u>	<u>From</u>	<u>To</u>
	Academy Capital Corp.	Secretary	TSXV	August 2008	November 2005
	Bassett Media Group Corp. (Ontario)	Director and Secretary	TSXV	September 2009	March 2011
	Canada Pacific Capital Corp. (Ontario)	Director and Secretary	TSXV	May 2010	Present
	InterAmerican Gaming	Director	TSXV	May 2008	June 2009
	Petrolympic Ltd. (Ontario)	Secretary	TSXV	June 2008	Present
	Quia Resources Inc. (Ontario)	Director	TSXV	October 2007	Present
	Quia Resources Inc. (Ontario)	Secretary	TSXV	October 2007	December 2010
	Sagittarius Capital Corp. (Ontario)	Director	TSXV	April 2007	April 2007
	Sagittarius Capital Corp. (Ontario)	Director	TSXV	September 2009	August 2010
	Star Navigation Systems Group Ltd. (Ontario)	Secretary	TSXV	May 2008	Present
Yannis Banks	Quia Resources Inc. (Ontario)	CEO	TSXV	April 2011	Present
	Quia Resources Inc. (Ontario)	Director	TSXV	June 2011	Present
Jean- Pierre Chauvin	PC Gold Inc.	Director	TSX	July, 2011	Present
	Macusani Yellowcake Inc.	Director	TSXV	March, 2010	Present
	Khan Resources Inc.	Director	TSX	July, 2005	Present
Jean-Francois Pelland	Nevada Exploration Inc.	Director	TSXV	October 3, 2006	March 9, 2009
	Spot Coffee (Canada) Ltd.	Director	TSXV	April 3, 2008	July 17, 2009
	Canadian Oil Recovery & Remediation Enterprises Ltd.	Director	TSXV	July 19, 2007	November 18, 2008
	Parta Dialogue Inc.	Senior Officer	TSXV	December 2007	December 3, 2010
	Arura Pharma Inc.	Director	TSXV/NEX	July 7, 2007	Present
	China Green Star Agricultural Corporation	Director	TSXV	May 2008	June 6, 2006

### ***Proposed Compensation***

The following discussion provides information about the Resulting Issuer's proposed philosophy, objectives and processes regarding compensation for the Resulting Issuer's executive officers following the Closing of the Acquisition. Compensation for the Resulting Issuer's Chief Executive Officer, Chief Financial Officer and the next most highly compensated executive officers (collectively, the "**Proposed Named Executive Officers**") will be determined by the board of directors of the Resulting Issuer. The Resulting Issuer's executive compensation will predominantly be based on prevailing industry compensation practices for junior, development-stage, mining companies of similar size and scope and the Resulting Issuer's performance in achieving certain goals.

It will be the responsibility of the Resulting Issuer's board of directors as a whole to make decisions regarding executive compensation matters. The Resulting Issuer's compensation program supports its commitment to delivering strong performance for shareholders. The Resulting Issuer's overall objective of its compensation philosophy is the attraction, motivation and retention of quality, experienced people to achieve the Resulting Issuer's strategic objectives and to align the interests of its executive officers and employees with the long-term interest of the Resulting Issuer's shareholders.

All of the components of the Resulting Issuer's executive compensation program will be reviewed and confirmed by its board of directors following the Closing of the Acquisition and the appointment of the new board members.

It is currently contemplated that executive compensation be comprised of the following components: base salary, and incentive stock options. Together, these components are designed to address the key objectives of the Resulting Issuer's compensation program.

#### **Base Salaries**

The base salary component is intended to provide a fixed level of pay that reflects each Proposed Named Executive Officer's primary duties and responsibilities. While base salaries are an important element of executive officer compensation, the size and stage of the Resulting Issuer prevents the Resulting Issuer from paying base salaries which are comparable to those of larger companies in the mining industry and, accordingly, performance-based compensation elements are an integral component of the executive compensation package.

In setting base compensation levels for executive officers, consideration will be given to objective factors such as level of responsibility, experience and expertise as well as subjective factors such as leadership.

#### **Option-Based Awards**

Stock options to purchase the Common Shares of the Resulting Issuer will be granted to directors, executive officers, employees and consultants of the Resulting Issuer and are intended to align such individuals' interests by attempting to create a direct link between compensation and shareholder return. Options will be granted pursuant to the Rolling Plan.

The following table sets forth the expected annual and long-term compensation for services in all capacities to the Resulting Issuer for the 12 months following the Closing of the Acquisition in respect of individuals who are expected to act in the capacities of the Chief Executive Officer, the Chief Financial Officer and the three next most highly compensated executive officers of the Resulting Issuer.

SUMMARY COMPENSATION TABLE						
Name and Principal Position of Named Executive Officer	Salary (CDN\$)	Option-Based Awards (CDN\$)	Non-Equity		All Other Compensation (CDN\$)	Total Compensation (CDN\$)
			Incentive Plan Compensation			
			Annual Incentive Plans (CDN\$)	Long-Term Incentive Plans (CDN\$)		
Mario Justino CEO and President	\$137,500 <sup>(1)</sup>	\$22,500	Nil	Nil	Nil	\$160,000
Chris Hazelton CFO	\$5,000 <sup>(2)</sup>	\$11,800	Nil	Nil	Nil	\$5,000 per month (2) \$11,800

**Notes:**

- (1) Mr. Justino's employment agreement provides for a salary of \$130,000 to December 31, 2011 and a salary of \$140,000 to December 31, 2012.
- (2) The management services agreement with Cavalry Corporate Solutions Ltd. (Mr. Hazelton is an officer) provides for a monthly payment of \$5,000 to October 31, 2011. It is likely that the agreement will be extended and renegotiated after the Closing of the Acquisition.

**INDEBTEDNESS OF DIRECTORS AND OFFICERS**

Upon Closing of the Acquisition, none of the directors or officers of either the Corporation or TargetCo., nor any proposed director or officer of the Resulting Issuer, nor any other individual who at any time during the most recently completed financial year of the Corporation was a director or officer of either the Corporation or TargetCo., nor any of their Associates, will be indebted to either the Corporation or TargetCo., and nor will any indebtedness of any of these individuals or Associates to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by either the Corporation or TargetCo.

**INVESTOR RELATIONS ARRANGEMENTS**

Neither the Corporation nor TargetCo. has entered into any written or oral agreement or understanding with any person to provide promotional or investor relations services to either of them, or to engage in activities for the purposes of stabilizing the market.

**OPTIONS TO PURCHASE SECURITIES*****Options to Purchase Securities***

The following table sets out the information as of the date of this Information Circular as to options to purchase securities of the Resulting Issuer that will, upon Closing of the Acquisition, be held by various individuals and groups.

Group	Number of Common Shares Under Option <sup>(1)</sup>	Exercise Price per Common Share	Grant Date	Expiry Date	Market Value of Common Shares on Grant Date	Market Value of Common Shares as of the date of this Information Circular
All proposed officers of the Resulting Issuer as a group (4) <sup>(2)</sup>	1,100,000	\$0.20 and \$0.40	December 16, 2010 (400,000); February 3, 2011 (200,000); March 23, 2011 (300,000); June 22, 2011 (200,000) <sup>(2)</sup>	December 16, 2015 (400,000); February 3, 2016 (200,000); March 23, 2016 (300,000); June 22, 2016 (200,000)	\$0.10	\$0.175
All proposed directors of the Resulting Issuer as a group, excluding those who are also officers (6) <sup>(3)</sup>	1,200,000	\$0.20	December 16, 2010 (1,000,000); February 3, 2011 (200,000) <sup>(3)</sup>	December 16, 2015 (1,000,000); February 3, 2016 (200,000)	\$0.10	\$0.175
All others including agents and underwriters, excluding preceding groups (1) <sup>(4)</sup>	179,013	\$0.15	August 12, 2011 (101,920) September 28, 2011 (77,093)	August 12, 2016 (101,920) September 28, 2016 (77,093)	\$0.15	\$0.175

## Notes:

(1) These figures assume completion of the Share Consolidation and the Acquisition, and that upon the Closing of the Acquisition the TargetCo. Options held by the directors and officers of TargetCo. will be cancelled and replaced with options of the Resulting Issuer under the Rolling Plan, which options will have the same exercise price, vesting terms (if any) and expiry date as the TargetCo. Options.

(2) Yannis Banks and Adam Szwercas were each issued 200,000 options on December 16, 2010, Chris Hazelton was issued 200,000 options on June 13, 2011 and Mario Justino was issued 300,000 options on March 23, 2011 and 200,000 options (with an exercise price of \$0.40) on June 22, 2011.

(3) Richard Cleath, Scott Jobin-Bevans, Andreas Tinajero, Jean-Francois Pelland and J.P. Chauvin were each issued 200,000 options on December 16, 2010 and Jeremy Goldman was issued 200,000 options on February 3, 2011.

(4) For acting as agent in the interim financing, Foundation Markets Inc. was granted 179,013 compensation options.

There are no assurances that the options described above will be exercised in whole or in part.

### *Stock Option Plan*

Assuming the Rolling Plan Resolution is passed at the Meeting, the Corporation will have a Rolling Plan, which will remain unchanged following the Closing of the Acquisition. (See "Particulars of Matters to be Acted Upon – Approval of 10% Rolling Stock Option Plan").

### **ESCROWED SECURITIES**

The following table sets out the information as of the date of this Information Circular as to securities of the Resulting Issuer that, to the knowledge of the Corporation and TargetCo., are anticipated to be held in escrow after Closing of the Acquisition.

Name and Municipality of Residence of Shareholder	Designation of Class	Prior to Giving Effect to the Acquisition		After Giving Effect to the Acquisition	
		Number of Securities held in Escrow	Percentage of Class <sup>(1)(3)</sup>	Number of Securities to be held in Escrow	Percentage of Class <sup>(1)(4)</sup>
Mario Justino Montreal, Quebec	Common Shares	100,000	0.61%	100,000	0.50%/
	Warrants	50,000	1.10%	50,000	1.10%
Yannis Banks <sup>(5)</sup> Toronto, Ontario	Common Shares	250,000	1.52%	250,000	1.20%
Jeremy Goldman <sup>(5)</sup> Toronto, Ontario	Common Shares	250,000	1.52%	250,000	1.20%
Scott Jobin-Bevans Toronto, Ontario	Common Shares	234,000	1.42%	234,000	1.18%
	Warrants	67,000	1.48%	67,000	1.48%
Richard Cleath Duluth, Minnesota USA	Common Shares	135,000	0.82%	135,000	0.68%
	Warrants	17,500	0.39%	17,500	0.39%
Andres Tinajero Toronto, Ontario	Common Shares	300,000	1.83%	300,000	1.51%
	Warrants	100,000	2.21%	100,000	2.21%
Jean-Pierre Chauvin Oakville, Ontario	Common Shares	100,000	0.61%	100,000	0.50%
Jean-Francois Pelland Montreal, Quebec	Common Shares	320,000	1.95%	320,000	1.61%
	Warrants	90,000	1.99%	90,000	1.99%
Adam Szweras Thornhill, Ontario	Common Shares	500,000	3.04%	500,000	2.52%
	Warrants	250,000	5.52%	250,000	5.52%
Grasslands Acquisitions Corp. Toronto, Ontario	Common Shares	0	0	77,530	0.39%
Foundation Opportunities Inc. Toronto, Ontario	Common Shares	2,020,100	12.30%	2,020,100	10.19%
The Goomie Trust <sup>(5)</sup> Toronto, Ontario	Common Shares	250,000	1.52%	250,000	1.26%
Maria Jose Cordovez Van Hausen Toronto, Ontario	Common Shares	100,000	0.61%	100,000	0.50%
Foundation Markets Inc.	Compensation Options	179,013	100%	179,013	100%
<b>Total:</b>	Common Shares	4,559,100	28.37%	4,636,630	23.90%
	Warrants	574,500	12.69%	574,500	12.69%
	Compensation Options	179,013	100%	179,013	100%

## Notes:

- (1) Based on there being 16,422,767 TargetCo. Shares issued and outstanding immediately prior to completion of the Acquisition but after giving effect to the Share Consolidation.

- (2) Based on there being 19,822,306 Common Shares issued and outstanding immediately after completion of the Acquisition and not giving effect to the RTO Financing.
- (3) Based on there being 4,526,333 TargetCo. Warrants issued and outstanding immediately prior to completion of the Acquisition but after giving effect to the Share Consolidation.
- (4) Based on there being 4,526,333 TargetCo. Warrants issued and outstanding immediately after completion of the Acquisition and not giving effect to the RTO Financing.
- (5) Common Shares are held by a holding company.

The Common Shares/Options will be released from escrow as follows:

<u>% of Escrow Shares Released</u>	<u>Release Date</u>	<u>% of Escrow Common Shares/Options Released</u>	<u>Release Date</u>
10%	at the time of TSXV Bulletin	10%	at the time of TSXV Bulletin
15%	6 months from the TSXV Bulletin	15%	6 months from the TSXV Bulletin
15%	12 months from the TSXV Bulletin	15%	12 months from the TSXV Bulletin
15%	18 months from the TSXV Bulletin	15%	18 months from the TSXV Bulletin
15%	24 months from the TSXV Bulletin	15%	24 months from the TSXV Bulletin
15%	30 months from the TSXV Bulletin	15%	30 months from the TSXV Bulletin
15%	36 months from the TSXV Bulletin	15%	36 months from the TSXV Bulletin

The securities to be escrowed will be subject to a Form 5D –Security Escrow Agreement dated the Closing Date among the certain shareholders of the Resulting Issuer and Computershare Trust Company of Canada as escrow agent, pursuant to the policies of the TSXV.

### *SSRR Escrow Shares*

In certain circumstances the TSXV will impose seed share resale restrictions ("SSRRs") on nonprincipals of a company in connection with a Reverse Takeover. The SSRRs impose hold periods of varying lengths on shareholders who receive shares (the "SSRR Shares") of a Resulting Issuer prior to or in connection with a Reverse Takeover. Whether a hold period will apply, and the length and type of hold period which will apply, is determined with reference to the price per security paid by the shareholder and the length of time his or her securities have been held prior to the date the Exchange provides conditional acceptance of the Reverse Takeover. In the Resulting Issuer's case, pursuant to the SSRRs, as at the date of this Management Information Circular, it is estimated that a total of 7,160,000 common shares of the Resulting Issuer held by 42 shareholders will be subject to certain hold periods pursuant to Section 10.9 of TSX Venture Exchange Policy 5.4 – Escrow, Vendor Consideration and Resale Restrictions. The final determination of the number of SSRR Shares will be made by the TSXV.

**AUDITORS, REGISTRAR AND TRANSFER AGENT*****Auditor***

The Resulting Issuer's auditor will be Collins Barrow Toronto LLP, Chartered Accountants, at their office located at 11 King Street West, Toronto, Ontario M5H 4C7.

***Transfer Agent and Registrar***

It is anticipated that the registrar and transfer agent for the Shares subsequent to the Closing of the Acquisition will continue to be Computershare Trust Company of Canada at its office in Toronto, Ontario.

**FINANCIAL STATEMENTS**

The unaudited pro forma financial statements of the Resulting Issuer are set out in Schedule "J" attached hereto.

**RISK FACTORS**

The operations of the Resulting Issuer should be considered speculative due the high-risk nature of its business. In evaluating the Acquisition and the Resulting Issuer and its business, Shareholders and any person considering an investment in the Resulting Issuer should carefully consider, in addition to the other information contained in this Information Circular, the following material risk factors.

The Resulting Issuer's risk exposures and the impact on the Resulting Issuer's financial statements are summarized below.

***Property risk***

The Resulting Issuer has an interest in various Quebec properties. Unless the Resulting Issuer acquires or develops additional material properties, the Resulting Issuer will be mainly dependent upon the Quebec properties. If no additional major mineral properties are acquired by the Resulting Issuer, any adverse development affecting the Resulting Issuer's Quebec properties would have a material adverse effect on its financial condition and results of operations.

There is no assurance that the expenditures of the Resulting Issuer will result in discoveries of commercial ore bodies. Furthermore, there can be no assurance that the Resulting Issuer's estimates of future exploration expenditures will prove accurate, and actual expenditures may be significantly higher than currently anticipated.

***Limited Operating History***

The Resulting Issuer will have a very limited history of operations, is in the early stage of development and must be considered a start-up. As such, the Resulting Issuer is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Resulting Issuer has no intention of paying any dividends in the near future. TargetCo. and consequently the Resulting Issuer has no history of earnings.



The purpose of the RTO Financing is to raise funds to carry out exploration and development, with the objective of establishing economic quantities of mineral deposits on TargetCo.'s mineral properties.

The Resulting Issuer has limited financial resources, has earned nominal revenue since commencing operations (revenues), has no source of operating cash flow and there is no assurance that additional funding will be available to it for exploration and development. Furthermore, additional financing will be required to continue the development of the Resulting Issuer's properties even if the Resulting Issuer's exploration program is successful. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Resulting Issuer's properties with the possible loss of such properties.

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

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Resulting Issuer may be affected by numerous factors which are beyond the control of the Resulting Issuer and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which may result in the Resulting Issuer not receiving an adequate return of investment capital.

TargetCo.'s properties are in the exploration stages only and are without a known body of commercial ore. Development of the properties would follow only if favourable exploration results are obtained and commodity prices provide for economic project development viability. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that TargetCo.'s or the Resulting Issuer's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Resulting Issuer's operations will, in part, be directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations, or that funds required for development can be obtained on a timely basis.

### ***Government***

Government approvals and permits are currently, and may in the future be, required in connection with the properties in which the Resulting Issuer has an interest. To the extent such approvals are required and not obtained, the Resulting Issuer may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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 mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of

applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Resulting Issuer and cause increases in capital expenditures or production costs or reductions in levels of production or require abandonment or delays in development.

### ***Environment***

The Resulting Issuer has interests in properties in Quebec, Canada. The Resulting Issuer's properties are subject to extensive federal, provincial and municipal governmental regulations, which can be revised or expanded at any time. Generally, compliance with these regulations requires the Resulting Issuer to obtain permits issued by federal, provincial and municipal regulatory agencies. Certain permits require periodic renewal or review of the conditions. The Resulting Issuer cannot predict whether it will be able to obtain or renew such permits or whether material changes in the permit conditions will be imposed. The inability to obtain or renew permits, or the imposition of additional conditions, could have a material adverse effect on the Resulting Issuer's ability to develop or operate these properties.

Environmental laws and regulations to which the Resulting Issuer is subject as it progresses from a development stage to an operation stage mandate additional concerns and requirements. Failure to comply with applicable laws, regulations and permits can result in injunctive actions, damages and civil and criminal penalties. The laws and regulations applicable to the Resulting Issuer's activities change frequently and it is not possible to predict the potential impact on the Resulting Issuer from any such future changes.

### ***Fluctuating Price***

The value and price of the Common Shares of the Resulting Issuer, its financial results, and its exploration, development and mining, if any, activities may be significantly adversely affected by declines in the price of gold. Mineral prices fluctuate widely and are affected by numerous factors beyond the Resulting Issuer's control such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the Canadian Dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world. The price for metals fluctuates in response to many factors beyond anyone's ability to predict. Because mining occurs over a number of years, it may be prudent to continue mining for some periods during which cash flows are temporarily negative for a variety of reasons including a belief that the low price is temporary and/or the greater expense incurred in closing a property permanently.

Mineralized material calculations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Resulting Issuer's investments in mining properties and increased amortization, reclamation and closure charges should a mine be developed.

In addition to adversely affecting mineralized material estimates declining metal prices can impact operations by requiring a reassessment of the commercial feasibility of a particular project. Such a reassessment may be the result of a management decision 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 in development or may interrupt operations, if any, until the reassessment can be completed.

### ***Results of Prior Exploration Work***

In preparing the Dufay Report, the authors relied on data generated by exploration work previously carried out on the Dufay Property by geologists employed by others. There is no guarantee that data

generated by prior exploration work on the Dufay Property is 100% reliable and discrepancies in such data not discovered by TargetCo. may exist. Such errors and/or discrepancies, if they exist, could impact on the accuracy of the Dufay Report.

### ***Political Conditions***

Regardless of the economic viability of the Resulting Issuer's property interests, factors such as political instability, expropriation by governments or the imposition of new regulations or tax laws may prevent or restrict mining of some or all of the Resulting Issuer's deposits.

### ***Title***

No assurances can be given that title defects to the properties in which TargetCo. has an interest do not exist. The properties may be subject to prior unregistered agreements or interests and title may be affected by undetected defects. If title defects do exist, it is possible that TargetCo. may lose all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates.

There is no guarantee that title to the properties will not be challenged or impugned. While, to the best of TargetCo.'s knowledge, title to the properties is in good standing, this should not be construed as a guarantee of title.

There is no guarantee that the exploration or other necessary licences and permits will be granted by the appropriate regulatory authorities. These authorities may refuse any of the applications, licences or permits. Persons may object to the grant of licences and the authorities will take objections into consideration when making the decision on whether or not to grant the licence or permit.

If exploration licences are granted, they will be subject to various standard conditions including, but not limited to prescribed licence conditions. Any failure to comply with the expenditure conditions or with the other conditions on which the licences are held, expose the licence to forfeiture. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Resulting Issuer.

### ***Uninsurable Risk***

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including: rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Resulting Issuer.

### ***Financial risk***

The Resulting Issuer has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although TargetCo. has been successful in the past in financing its activities through the sale of equity securities, there can be no assurance that it or the Resulting Issuer will be able to obtain sufficient financing in the future to execute its business plan.

The Resulting Issuer's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk).

Risk management is carried out by the Resulting Issuer's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

**Credit risk**

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. TargetCo.'s credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash and cash equivalents consists of cash on hand with a reputable financial institution. Financial instruments included in amounts receivable consist of sales tax receivables from government authorities in Canada. The amounts receivable are in good standing as of January 31, 2011. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and amounts receivable is minimal.

**Liquidity risk**

TargetCo.'s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2011, the Company had a cash of \$295,645 to settle current liabilities of \$46,709. Most of TargetCo.'s financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**Market risk****Interest rate risk**

TargetCo. has significant cash balances and no interest-bearing debt. TargetCo. regularly monitors its cash management policy.

**Foreign currency risk**

TargetCo.'s functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, TargetCo.'s exposure to foreign currency risk is minimal.

**Competition**

The mining industry is intensely competitive in all of its phases, and TargetCo. competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Resulting Issuer's ability to acquire suitable properties or prospects in the future.

**Management**

The success of TargetCo. is currently and the Resulting Issuer will be largely dependent on the performance of its officers. The loss of the services of these persons will have a materially adverse effect on the Resulting Issuer's business and prospects. There is no assurance the Resulting Issuer can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse affect on the Resulting Issuer and its prospects.

**Resale of Securities**

The continued operation of the Resulting Issuer will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be

generated, or that other financing can be obtained. If the Resulting Issuer is unable to generate such revenues or obtain such additional financing, any investment in the Resulting Issuer may be lost. In such event, the probability of resale of the securities purchased would be diminished.

### ***Dilution***

Issuances of additional securities pursuant to future financings and otherwise may result in dilution of the equity interests of persons who are shareholders of the Resulting Issuer on the Closing of the Acquisition.

### ***Potential for Conflict of Interest***

Certain of the directors and officers of the Resulting Issuer are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Resulting Issuer. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. All decisions to be made by such directors and officers involving the Resulting Issuer are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Resulting Issuer. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest.

### ***Need to Attract and Retain Qualified Personnel***

The Resulting Issuer's success depends to a significant extent on its ability to identify, attract, hire, train and retain qualified personnel. Competition for such personnel may be intense and there can be no assurance that the Resulting Issuer will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. If the Resulting Issuer is unable to identify, attract, hire, train and retain qualified personnel in the future, such inability could have a material adverse effect on its business, operating results and financial condition.

### ***Risks Related to the Proposed RTO***

#### **Completion of the Proposed Reverse Takeover Transaction and the TSXV Approval**

The completion of the RTO is subject to several conditions precedent, certain of which are outside the control of the Corporation and TargetCo. In addition, there is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the TSXV such that it will issue the Final Exchange Bulletin.

#### **Price Volatility of Publicly Traded Securities**

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many junior companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur or increase in scope. It may be anticipated that any quoted market for the shares of the Resulting Issuer will be subject to market trends generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings.

**PART VII  
GENERAL MATTERS**

**SPONSORSHIP AND AGENT RELATIONSHIP**

The Corporation and TargetCo. anticipate that there will not be a Sponsor involved in the Acquisition. The Corporation intends to apply for the TSXV's waiver of any requirement for sponsorship pursuant to Policy 5.2 of the TSXV Manual. See "Information Concerning the Acquisition and the Supporting Transactions –Conditions Related to Completion of the Acquisition".

It is anticipated that Foundation Markets Inc. and Union Securities Ltd. will act as co-lead Agents on the proposed RTO Financing, for which such Agents will be entitled to a cash fee of 8% of the gross proceeds raised pursuant to the RTO Financing. Foundation Markets Inc. received a waiver from the TSXV in order to be eligible to receive this cash fee. Union Securities Ltd. will be entitled to receive Compensation Options to purchase that number of non-flow through TargetCo. Units that is equal to up to 8% of the securities sold pursuant to the RTO Financing.

Foundation Markets Inc. will not receive any Compensation Options in its role as co-lead Agent in the Offering. All Agent's Compensation Options will be allocated to Union Securities Ltd. and registered, arms length selling agents.

**EXPERTS**

*Opinions*

The following professional persons have prepared reports or have provided opinions that are either included in or referred to in this Information Circular:

1. Caracle Creek International Consulting Inc. of Sudbury, Ontario, Canada was contracted by TargetCo. to review the Dufay Property, and prepare an Independent Technical Report, compliant with National Instrument 43-101, companion policy NI43-101CP and Form 43-101F1, and the Independent Technical Report has been reviewed and signed off by independent qualified person, Mr. Felix Lee of ACA Howe International Limited., which report is referred to in this Information Circular.
2. MacKay LLP, Chartered Accountants, has provided an auditor's report on the balance sheet of the Corporation as at June 30, 2008 and the statements of operations and deficits and cash flows for years then ended, a copy of which is attached hereto as Schedule "F".
3. Collins Barrow Toronto LLP, Chartered Accountants, has provided an auditor's report on the balance sheet of the Corporation as at June 30, 2010 and the statements of operations and deficits and cash flows for years then ended, a copy of which is attached hereto as Schedule "F".
4. Collins Barrow Toronto LLP, Chartered Accountants, has provided an auditor's report on the balance sheet of TargetCo. for the fiscal year ended January 31, 2011 and the statement of operations and deficits and cash flows for the year then ended, a copy of which is attached hereto as Schedule "H".

***Interests of Experts***

No person or company who is named as having prepared or certified a part of this Information Circular or prepared or certified a report or valuation described or included in this Information Circular has, or will have immediately following Closing of the Acquisition, any direct or indirect interest in the Corporation, TargetCo. or the Resulting Issuer or an Affiliate or Associate of the Corporation, TargetCo. or the Resulting Issuer.

***Expertised Reports***

No expertised report was prepared to support the recommendations of the board of directors of the Corporation.

**OTHER MATERIAL FACTS**

There are no other material facts about the Corporation, TargetCo., the Resulting Issuer or the Acquisition that are not elsewhere disclosed herein, including in the Schedules attached hereto, and which are necessary in order for this Information Circular to contain full, true and plain disclosure of all material facts relating to the Corporation, TargetCo. and the Resulting Issuer, assuming Closing of the Acquisition.

**BOARD APPROVAL**

The Board of Directors have approved delivery of the Information Circular to Shareholders. Where information contained in this Information Circular rests particularly within the knowledge of a person other than the Corporation, the Corporation has relied upon information furnished by such person.

**CERTIFICATE OF GRASSLANDS ENTERTAINMENT INC.**

**DATED:** September 29, 2011

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Grasslands Entertainment Inc. assuming completion of the Acquisition and the Supporting Transactions.

*"James Ripley"*

James W. Ripley  
President and Chief Executive  
Officer

*"Randy Koroll"*

Randy Koroll  
Chief Financial Officer

**ON BEHALF OF THE BOARD**

*"Ned Studer"*

▶  
Director

Ned Studer  
Director



**CERTIFICATE OF LAKESIDE MINERALS CORP.**

**DATED:** September 29, 2011

The foregoing document as it relates to Lakeside Minerals Corp. constitutes full, true and plain disclosure of all material facts relating to the securities of Lakeside Minerals Corp.

*"Mario Justino"*

Mario Justino  
President and Chief Executive Officer

*"Chris Hazelton"*

Chris Hazelton  
Chief Financial Officer

**ON BEHALF OF THE BOARD**

*"Richard Cleath"*

Richard Cleath  
Director

*"Jean-Francois Pelland"*

Jean-Francois Pelland  
Director

**ACKNOWLEDGEMENT – PERSONAL INFORMATION**

“PERSONAL INFORMATION” MEANS ANY INFORMATION ABOUT AN IDENTIFIABLE INDIVIDUAL, AND INCLUDES INFORMATION CONTAINED IN ANY ITEMS IN THE ATTACHED INFORMATION CIRCULAR THAT ARE ANALOGOUS TO ITEMS 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 AND 41 OF FORM 3B1, AS APPLICABLE.

THE UNDERSIGNED HEREBY ACKNOWLEDGES AND AGREES THAT IT HAS OBTAINED THE EXPRESS WRITTEN CONSENT OF EACH INDIVIDUAL TO:

(A) THE DISCLOSURE OF PERSONAL INFORMATION BY THE UNDERSIGNED TO THE EXCHANGE (AS DEFINED IN APPENDIX 6B) PURSUANT TO FORM 3B1; AND

(B) THE COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION BY THE EXCHANGE FOR THE PURPOSES DESCRIBED IN APPENDIX 6B OR AS OTHERWISE IDENTIFIED BY THE EXCHANGE, FROM TIME TO TIME.

**GRASSLANDS ENTERTAINMENT INC.**

*"James Ripley"*

**"James Ripley"  
President and Chief Executive Officer**

**CONSENT OF THE FORMER AUDITOR OF GRASSLANDS ENTERTAINMENT INC.**

We have read the management information circular and proxy statement of Grasslands Entertainment Inc. ("Grasslands") dated September 29, 2011 relating to the reverse take-over of Grasslands by Lakeside Minerals Corp. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-mentioned management information circular and proxy statement of our reports to the shareholders of Grasslands on the consolidated balance sheets of Grasslands as at June 30, 2008 and the consolidated statements of comprehensive loss and deficit and cash flows for the years then ended. Our report is dated October 9, 2008.

*"MacKay LLP"*

MacKay LLP  
Chartered Accountants  
Vancouver, British Columbia, Canada  
September 29, 2011

**CONSENT OF THE AUDITOR OF GRASSLANDS ENTERTAINMENT INC.**

We have read the management information circular (the "Circular") of Grasslands Entertainment Inc. ("Grasslands") dated September 29, 2011 relating to the reverse takeover of Grasslands by Lakeside Minerals Corp. We have complied with Canadian generally accepted standards for auditors' involvement with such documents.

We consent to the inclusion in the above-mentioned Circular of our report to the directors of Grasslands on the consolidated balance sheets of Grasslands as at June 30, 2010 and 2009 and the consolidated statements of operations and comprehensive loss and deficit and cash flows for the years then ended. Our report is dated October 1, 2010.

*"Collins Barrow Toronto LLP"*

Collins Barrow Toronto LLP  
Chartered Accountants  
Toronto, Ontario, Canada  
September 29, 2011

**CONSENT OF THE AUDITOR OF LAKESIDE MINERALS CORP.**

We have read the management information circular (the "Circular") of Grasslands Entertainment Inc. dated September 29, 2011 relating to the reverse take-over of Grasslands Entertainment Inc. by Lakeside Minerals Corp. (the "Company"). We have complied with Canadian generally accepted standards for auditors' involvement with such documents.

We consent to the inclusion in the above-mentioned Circular of our report to the directors of Lakeside Minerals Corp. on the balance sheets of the Company as at January 31, 2011 and 2010, and the statements of operations and deficit and comprehensive loss and cash flows for the years then ended and for the cumulative period since inception. Our report is dated April 25, 2011.

*"Collins Barrow Toronto LLP"*

Collins Barrow Toronto LLP  
Chartered Accountants  
Toronto, Ontario, Canada  
September 29, 2011

**CONSENT OF AUTHORS**

I have read the Information Circular of Grasslands Entertainment Inc. dated September 29, 2011 relating to the Reverse Take Over Transaction involving Lakeside Minerals Corp. and do not have any reason to believe that there are any misrepresentations contained therein that are derived from the technical report on the Dufay property dated April 12, 2011, amended and restated as of September 12, 2011, (the "Technical Report") or that the written disclosure contains any misrepresentation of the information contained in the Technical Report.

*"Jenna McKenzie"*

Jenna McKenzie, Hon.B.Sc., P.Geo.

I have read the Information Circular of Grasslands Entertainment Inc. dated September 29, 2011 relating to the Reverse Take Over Transaction involving Lakeside Minerals Corp. and do not have any reason to believe that there are any misrepresentations contained therein that are derived from the technical report on the Dufay property dated April 12, 2011, amended and restated as of September 12, 2011, (the "Technical Report") or that the written disclosure contains any misrepresentation of the information contained in the Technical Report.

*"Mary Kearney"*

Mary Kearney, M.Sc., P.Geo.

I have read the Information Circular of Grasslands Entertainment Inc. dated September 29, 2011 relating to the Reverse Take Over Transaction involving Lakeside Minerals Corp. and do not have any reason to believe that there are any misrepresentations contained therein that are derived from the technical report on the Dufay property dated April 12, 2011, amended and restated as of September 12, 2011, (the "Technical Report") or that the written disclosure contains any misrepresentation of the information contained in the Technical Report.

*"Julie Palich"*

Julie Palich, M.Sc., P.Geo.

I have read the Information Circular of Grasslands Entertainment Inc. dated September 29, 2011 relating to the Reverse Take Over Transaction involving Lakeside Minerals Corp. and do not have any reason to believe that there are any misrepresentations contained therein that are derived from the technical report on the Dufay property dated April 12, 2011, amended and restated as of September 12, 2011, (the "Technical Report") or that the written disclosure contains any misrepresentation of the information contained in the Technical Report.

*"Felix Lee"*

Felix Lee B.Sc., P.Geo

**SCHEDULE "A"**  
**RESOLUTIONS OF THE SHAREHOLDERS**  
**OF**  
**GRASSLANDS ENTERTAINMENT INC.**  
**(THE "CORPORATION")**

**ACQUISITION RESOLUTION**

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The acquisition (the "**Acquisition**") of all of the issued and outstanding common shares (the "**TargetCo. Shares**") of Lakeside Minerals Corp. ("**TargetCo.**") on the terms and conditions contained in the amalgamation agreement (the "**Amalgamation Agreement**") between the Corporation, TargetCo. and 2299990 Ontario Limited is hereby authorized and approved;
2. the allotment and issue of common shares (the "**Common Shares**") of the Corporation pursuant to the Acquisition, on the terms and conditions contained in the Amalgamation Agreement, is hereby authorized, approved and adopted;
3. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents and instruments as are necessary or desirable to give effect to the Acquisition and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing of any such act or thing; and
4. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the board of directors of the Corporation, in their sole and complete discretion, are hereby authorized and empowered (i) to amend the Amalgamation Agreement to the extent permitted by such agreement and/or (ii) not to proceed with the Acquisition and the issuance of Common Shares pursuant to the Amalgamation Agreement at any time prior to the issuance of such Common Shares.

**SHARE CONSOLIDATION RESOLUTION**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. Conditional upon the passing of the Acquisition Resolution and subject to the Corporation first receiving any required regulatory approvals, the articles of the Corporation be amended to consolidate (the "**Share Consolidation**") all of the 16,997,696 issued and outstanding Class A common shares ("**Common Shares**") without par value in the capital of the Corporation (or such other number of fully paid and issued Common Shares that are outstanding on the effective date of the Share Consolidation) on the basis of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares;
2. any fractional Common Shares arising from the Share Consolidation be rounded down to the nearest whole Common Share;

3. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents and instruments as are necessary or desirable to give effect to the Share Consolidation, including, without limitation, to execute (under the corporate seal of the Corporation or otherwise) and deliver Articles of Amendment of the Corporation, in duplicate, to the Director under the *Business Corporations Act* (Alberta) and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing of any such act or thing;
4. the board of directors of the Corporation, in their sole and complete discretion, may act upon this resolution to effect the Share Consolidation, or if deemed appropriate and without any further approval from the shareholders of the Corporation, may choose not to act upon this resolution notwithstanding shareholder approval of the Share Consolidation and are authorized to revoke this resolution in their sole discretion at any time prior to the endorsement by the Director appointed under the *Business Corporations Act* (Alberta), as applicable, of a certificate of amendment of articles in respect of the Share Consolidation; and
5. any one director or officer of the Corporation is authorized to cancel (or cause to be cancelled) any certificates evidencing the existing Common Shares and to issue (or cause to be issued) certificates representing the new Common Shares to the holders thereof.

## NAME CHANGE RESOLUTION

### BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. Conditional upon the passing of the Acquisition Resolution and subject to the Corporation first receiving any required regulatory approvals, the articles of the Corporation be amended to change the name of the Corporation from "Grasslands Entertainment Inc." to "Lakeside Minerals Inc." or such other name as may be selected by the Board (the "**Name Change**");
2. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents and instruments as are necessary or desirable to give effect to the Name Change, including, without limitation, to execute (under the corporate seal of the Corporation or otherwise) and deliver Articles of Amendment of the Corporation, in duplicate, to the Director under the *Business Corporations Act* (Alberta) or *Business Corporations Act* (Ontario), as applicable, and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing of any such act or thing;
3. the Name Change is conditional upon receipt of approval from the TSXV; and
4. the board of directors of the Corporation, in their sole and complete discretion, may act upon this resolution to effect the Name Change, or if deemed appropriate and without any further approval from the shareholders of the Corporation, may choose not to act upon



this resolution notwithstanding shareholder approval of the Name Change and are authorized to revoke this resolution in their sole discretion at any time prior to the endorsement by the Director appointed under the *Business Corporations Act* (Alberta) or *Business Corporations Act* (Ontario), as applicable, of a certificate of amendment of articles in respect of the Name Change.

## **ELECTION OF DIRECTORS RESOLUTION**

**BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. Conditional upon the passing of the Acquisition Resolution, the Board of Directors of the Corporation be set at seven (7) members within the minimum and maximum allowed under the articles of the Corporation and the following persons:

Jeremy Goldman  
Yannis Banks  
Richard Cleath  
Jean-Francois Pelland  
Andres Tinajero  
Jean Pierre Chauvin  
Scott Jobin-Bevans

be elected as directors of the Corporation to hold office until the next meeting of shareholders or until their successors are elected or appointed, and the directors of the Corporation be hereby authorized, between annual general meetings, to appoint one or more additional directors of the Corporation to serve until the next annual general meeting, such number of directors not to exceed at any time 1/3 of the number of directors who held office at the expiration of the last annual general meeting of the Corporation.

2. If the Acquisition Resolution is not passed, the Board of Directors of the Corporation be set at four (4) members within the minimum and maximum allowed under the articles of the Corporation and the following persons:

James W. Ripley  
Ned Studer  
Mendel Ekstein  
Gerald Goldberg

be elected as directors of the Corporation to hold office until the next meeting of shareholders or until their successors are elected or appointed.

## **CONTINUANCE RESOLUTION**

**BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. subject to the Corporation first receiving any required regulatory approvals, the Corporation be continued pursuant to Section 180 of the *Business Corporations Act* (Ontario) ("OBCA") with substantially the form of Articles of Continuance attached as

Schedule "B(2)" to the Management Information Circular of the Corporation dated September 29, 2011 and approved by the directors of the Corporation, with such amendments as may be necessary to make such articles of continuance conform to the OBCA, and the Corporation make application to the Director under the OBCA and the Director under the *Business Corporations Act* (Alberta) that the Corporation be continued as if it had been incorporated under the OBCA (the "**Continuance**");

2. the Corporation adopt the above said Articles of Continuance in substitution for the existing Articles of the Corporation;
3. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents and instruments as are necessary or desirable to give effect to the continuance of the Corporation under the OBCA and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing of any such act or thing; and
4. the board of directors of the Corporation, in their sole and complete discretion, may act upon this resolution to effect the Continuance, or if deemed appropriate and without any further approval from the shareholders of the Corporation, may choose not to act upon this resolution notwithstanding shareholder approval of the Continuance and are authorized to revoke this resolution in their sole discretion at any time.

## **ROLLING PLAN RESOLUTION**

### **BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the replacement of the current fixed stock option plan of the Corporation with a 10% rolling stock option plan (the "**Rolling Plan**"), in substantially the form attached as Schedule "C" to the Management Information Circular of the Corporation dated September 29, 2011, with or without amendments as may be required by the TSX Venture Exchange (the "**TSXV**"), is hereby approved;
2. the Corporation is authorized to grant stock options pursuant and subject to the terms and conditions of the Rolling Plan entitling all of the option holders in aggregate to purchase up to such number of common shares of the Corporation as is equal to 10% of the number of common shares of the Corporation issued and outstanding on the applicable grant date;
3. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents and instruments as are necessary or desirable to give effect to the foregoing resolution and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing of any such act or thing; and

4. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the board of directors of the Corporation, in their sole and complete discretion, are hereby authorized and empowered not to proceed with the implementation of the Rolling Plan at any time prior to approval of the Rolling Plan by the TSXV.

**SCHEDULE "B(1)"**  
**SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)**

**SHAREHOLDER'S RIGHT TO DISSENT**

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (c) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
- (d) amalgamate with another corporation, otherwise than under section 184 or 187,
- (e) be continued under the laws of another jurisdiction under section 189, or
- (f) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or

- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5), to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- (7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.
- (8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
  - (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
  - (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.
- (9) Every offer made under subsection (7) shall
  - (a) be made on the same terms, and
  - (b) contain or be accompanied with a statement showing how the fair value was determined.
- (10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
- (11) A dissenting shareholder
  - (a) is not required to give security for costs in respect of an application under subsection (6), and
  - (b) except in special circumstances must not be required to pay the costs of the application or appraisal.
- (12) In connection with an application under subsection (6), the Court may give directions for
  - (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
  - (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,
  - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
  - (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13), whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution, and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares, notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

**SCHEDULE "B(2)"  
PROPOSED ARTICLES OF CONTINUANCE**



For Ministry Use Only  
À l'usage exclusif du ministère

Ontario Corporation Number  
Numéro de la société en Ontario

**ARTICLES OF CONTINUANCE  
STATUTS DE MAINTIEN**

Form 6  
Business  
Corporations  
Act

Formule 6  
Loi sur les  
sociétés par  
actions

- The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)  
*Dénomination sociale de la société : (Écrire en LETTRES MAJUSCULES SEULEMENT) :*

G	R	A	S	S	L	A	N	D	S		E	N	T	E	R	T	A	I	N	M	E	N	T		I	N	C	.	

- The corporation is to be continued under the name (if different from 1):  
*Nouvelle dénomination sociale de la société (si elle différente de celle inscrite ci-dessus) :*


- Name of jurisdiction the corporation is leaving: / *Nom du territoire (province ou territoire, État ou pays) que quitte la société :*

Alberta

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Name of Jurisdiction / Nom du territoire

- Date of incorporation/amalgamation: / *Date de la constitution ou de la fusion :*

2001/07/11

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Year, Month, Année / année, mois, jour

- The address of the registered office is: / *Adresse du siège social en :*

95 Wellington Street West, Toronto-Dominion Centre, Suite 1200

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Street & Number or R.R. Number & if Multi-Office Building give Room No.  
Rue et numéro ou numéro de la R.R. et, s'il s'agit d'un édifice à bureaux, numéro du bureau

Toronto

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Name of Municipality or Post Office / Nom de la municipalité ou du bureau de poste

**ONTARIO**

M	5	J	2	Z	9
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Postal Code/Code postal

6. Number of directors is/are: Fixed number  OR minimum and maximum  3  11  
 Nombre d'administrateurs : Nombre fixe  OU minimum et maximum  3  11

7. The director(s) is/are: / Administrateur(s) First name, middle names and surname <i>Prénom, autres prénoms et nom de famille</i>	Address for service, giving Street & No. or R.R. No., Municipality, Province, Country and Postal Code <i>Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal</i>	Resident Canadian State 'Yes' or 'No' <i>Résident canadien Oui/Non</i>
Yannis Banks	90 Admiral Rd., Toronto, Ontario, Canada M5R 2L6	Yes
Jeremy Goldman	161 Viewmount Avenue, North York, Ontario, Canada M6B 1T5	Yes
Scott Jobin-Bevans	130 King Street, Suite 3680, Toronto, Ontario, Canada M5X 1B1	Yes
Richard Allen Cleath	9101 Congdon Blvd., Duluth, Minnesota, U.S.A. 55804	No
Andres Tinajero	7 Crowling Crt., Richmond Hill, Ontario, Canada L4E 3Y6	Yes
Jean Pierre Chauvin	298 River Side Drive, Oakville, Ontario, Canada L6K 3N4	Yes
Jean-Francois Pelland	5055 Glencairn, Montreal, Quebec, Canada H3W 2B3	Yes

8. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.  
*Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.*

NONE

9. The classes and any maximum number of shares that the corporation is authorized to issue:  
*Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :*

The corporation is authorized to issue unlimited numbers of shares in each of the classes designated as Common Shares and Preferred Shares.

10. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

*Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :*

1. Common Shares - The rights, privileges, restrictions and conditions that attach to the unlimited number of Common Shares (herein referred to as the "Common Provisions") and that govern the holders thereof are hereinafter specified.
  - a. Voting, Dividend and Dissolution Rights - The holders of Common Shares shall have the right to receive
    - i. notice of and to attend and vote at all meetings of shareholders of the Corporation, except meetings at which only holders of a specified class or series of a class of shares other than Common Shares are entitled to receive notice of and to attend and vote at;
    - ii. dividends declared in respect of Common Shares from time to time by the directors of the Corporation; and
    - iii. the assets and the capital of the Corporation remaining in the event of dissolution, liquidation or winding up of the Corporation equally on a share for share basis, subject to prior rights attaching to other shares of the Corporation.
  - b. Priority - The Common Shares shall rank junior to the Preferred Shares and the Common Provisions are subject to the Preferred Provisions (as hereafter defined) and the rights, privileges, restrictions and conditions attached to any other class of shares created hereafter and expressed to rank in preference to the Common Shares.

10.2 Preferred Shares - The rights, privileges, restrictions and conditions (herein referred to as "Preferred Provisions") that attach to the unlimited number of authorized Preferred Shares as a class and govern the holders thereof are as follows:

- a. Series Provisions - The Preferred Shares may be issued, at any time, and from time to time, in one or more series, each series to be assigned such designations, comprised of such number of Preferred Shares and subject to such additional rights, privileges, restrictions and conditions, not inconsistent with the Preferred Provisions, as the directors of the Corporation may determine and fix prior to the issuance of any such series.
- b. Priority - The Preferred Shares shall rank senior to the Common Shares and any other class of shares of the Corporation which by their terms rank junior to the Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets or return of capital of the Corporation among its shareholders in the event of any dissolution, liquidation or winding up of the Corporation. In any distribution of assets or return of capital of the Corporation among its shareholders, the holders of Preferred Shares will be entitled to receive, in order of priority noted above, a sum equivalent to the aggregate of consideration paid for the Preferred Shares when issued and held by them respectively, together with all declared and unpaid dividends thereon.
- c. Voting Rights - Except as may be otherwise provided by law or expressly by the additional rights, privileges, restrictions and conditions attaching to any series of Preferred Shares, the holders of Preferred Shares are not entitled to receive notice of or to attend and vote at any meeting of shareholders of the Corporation and when the holders of Preferred Shares are entitled to receive notice of and to attend and vote at shareholders meetings, each such holder shall have one (1) vote for each Preferred Share registered in the name of such holder.
- d. Modifications - Except as may be otherwise provided by law, the Preferred Provisions may be amended with the approval of all of the holders of Preferred Shares given in writing or by the affirmative vote of at least two thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose and a quorum for such meeting shall not be less than two (2) holders of outstanding Preferred Shares being present in person or represented by proxy.
- e. Creation of Additional Shares - So long as any Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of Preferred Shares given in the manner provided under paragraph 10.2(d) hereof, create any class of shares ranking in priority to or on a parity with the Preferred Shares with respect to the payment of dividends or the distribution of assets or return of capital of the Corporation in the event of a dissolution, liquidation or winding up of the Corporation.

11. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:  
*L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :*

NONE

12. Other provisions, (if any):  
*Autres dispositions s'il y a lieu :*

NONE

13. The corporation has complied with subsection 180(3) of the *Business Corporations Act*.  
*La société s'est conformée au paragraphe 180(3) de la Loi sur les sociétés par actions.*
14. The continuation of the corporation under the laws of the Province of Ontario has been properly authorized under the laws of the jurisdiction in which the corporation was incorporated/amalgamated or previously continued on  
*Le maintien de la société en vertu des lois de la province de l'Ontario a été dûment autorisé en vertu des lois de l'autorité législative sous le régime de laquelle la société a été constituée ou fusionnée ou antérieurement maintenue le*

---

Year, Month, Day  
*année, mois, jour*

15. The corporation is to be continued under the *Business Corporations Act* to the same extent as if it had been incorporated thereunder.  
*Le maintien de la société en vertu de la Loi sur les sociétés par actions a le même effet que si la société avait été constituée en vertu de cette loi.*

These articles are signed in duplicate.  
*Les présents statuts sont signés en double exemplaire.*

GRASSLANDS ENTERTAINMENT INC.

---

Name of Corporation / *Dénomination sociale de la société*

By/Par

---

Signature / *Signature*

James Ripley

---

Print name of signatory / *Nom du signataire en lettres moulées*

President and CEO

---

Description of Office / *Fonction*

These articles **must** be signed by a director or officer of the corporation (e.g. president, secretary)  
*Ces statuts doivent être signés par un administrateur ou un dirigeant de la société (p. ex. : président, secrétaire).*



**SCHEDULE "C"**  
**STOCK OPTION PLAN**

**PURPOSE OF THE PLAN**

The purpose of the Stock Option Plan (the "Plan") is to assist Lakeside Minerals Inc. (the "Company") in attracting, retaining and motivating "Directors", "Employees", "Consultants" or "Management Company Employees" of the Company (as those terms are defined in TSX Venture Exchange Policy 4.4) and any of its subsidiaries and to closely align the personal interests of such Directors, Employees, Consultants and Management Company Employees with those of the shareholders by providing them with the opportunity, through options, to acquire common shares in the capital of the Company.

**ARTICLE 1. IMPLEMENTATION**

The Plan and the grant and exercise of any options under the Plan are subject to compliance with the applicable requirements of each stock exchange ("exchanges") on which the shares of the Company are listed at the time of the grant of any options under the Plan and of any governmental authority or regulatory body to which the Company is subject.

**ARTICLE 2. ADMINISTRATION**

The Plan shall be administered by the Board of Directors of the Company which shall, without limitation, subject to the approval of the exchanges, have full and final authority in its discretion, but subject to the express provisions of the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan. The Board of Directors may delegate any or all of its authority with respect to the administration of the Plan and any or all of the rights, powers and discretion with respect to the Plan granted to it hereunder to such committee of directors, as well as the Board of Directors, shall be entitled to exercise any or all of such authority, rights, powers and discretion with respect to the Plan. When used hereafter in the Plan, "Board of Directors" shall be deemed to include a committee of directors acting on behalf of the Board of Directors.

**ARTICLE 3. SHARES ISSUABLE UNDER THE PLAN**

4.1 Options granted and shares issuable under the plan are subject to the requirements of the TSX Venture Exchange. These requirements currently include but are not limited to:

- (a) the aggregate number of shares ("Optioned Shares") that may be issuable pursuant to options granted under the Plan will not exceed 10% of the number of issued shares of the Company at the time of the granting of options under the Plan;
- (b) no more than 5% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one Optionee (as hereinafter defined) in any 12 month period;
- (c) no more than 10% of the issued shares of the Company, calculated at the date the option is granted, may be granted to Insiders (as that term is defined in TSX Venture Exchange Policy 1.1) in any 12 month period;

- (d) no more than 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one Consultant in any 12 month period; and
- (e) no more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all Consultants and Employees conducting "Investor Relations Activities" (as that term is defined in TSX Venture Exchange Policy 1.1) in any 12-month period.

#### **ARTICLE 4. ELIGIBILITY**

##### **5.1 General**

Options may be granted under the Plan to Directors, Employees, Consultants and Management Company Employees of the Company and any of its subsidiaries (collectively the "Optionees" and individually an "Optionee"). Subject to the provisions of the Plan, the total number of Optioned Shares to be made available under the Plan and to each Optionee, the time or times and price or prices at which options shall be granted, the time or times at which such options are exercisable, and any conditions or restrictions on the exercise of options, shall be in the full and final discretion of the Board of Directors.

##### **5.2 Options Granted to Employees, Consultants or Management Company Employees**

The Company represents that, in the event it wishes to grant options under the Plan to Employees, Consultants or Management Company Employees, it will only grant such options to Optionees who are bona fide Employees, Consultants or Management Company Employees, as the case may be.

#### **ARTICLE 5. TERMS AND CONDITIONS**

##### **6.1 Exercise price**

- (a) Subject to Section 6.1(c), the exercise price to each Optionee for each Optioned Share shall be determined by the Board of Directors but shall not, in any event, be less than the "Discounted Market Price" of the Company's common shares as traded on the TSX Venture Exchange (as that term is defined in TSX Venture Exchange Policy 1.1), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange; provided that the exercise price for each Optioned Share in respect of options granted within 90 days of a "Distribution" by a "Prospectus" (as those terms are defined in TSX Venture Exchange Policy 1.1) shall not be less than the greater of the Discounted Market Price and the price per share paid by public investors for listed shares of the Company under the Distribution.
- (b) Subject to Section 6.1(c), the exercise price will normally be based on the closing market price the day prior to the grant. If there were no transactions on the precedent day, the price of the most recent trade will be used provided it remains at or between the precedent day's closing bid and ask prices, otherwise the average of the average of the bid and ask prices will be utilized.
- (c) If the common shares of the Company are not listed on the TSX Venture Exchange or any other exchange at the time of the option grant, the exercise price

to each Optionee for each Optioned Share shall be determined by the Board of Directors.

## 6.2 Reduction in the Exercise Price of Options Granted to Insiders

In the event the Company wishes to reduce the exercise price of any options held by "Insiders" (as that term is defined in TSX Venture Exchange Policy 1.1) of the Company at the time of the proposed reduction, the approval of the disinterested Shareholders of the Company will be required prior to the exercise of any such options at the reduced exercise price.

## 6.3 Option Agreement

All options shall be granted under the Plan by means of an agreement (the "Option Agreement") between the Company and each Optionee in the form attached hereto as Schedule "A" or such other form as may be approved by the Board of Directors, such approval to be conclusively evidenced by the execution of the Option Agreement by any one director or officer of the Company, or otherwise as determined by the Board of Directors.

## 6.4 Length of Grant

Subject to sections 6.10, 6.11, 6.12, 6.13 and 6.14 all options granted under the Plan shall expire not later than that date which is 10 years from the date such options were granted.

## 6.5 Non-Assignability of Options

- (a) An option granted under the Plan shall not be transferable or assignable (whether absolutely or by way of mortgage, pledge or other charge) by an Optionee other than by will or other testamentary instrument or the laws of succession and may be exercisable during the lifetime of the Optionee only by such Optionee.
- (b) An option granted under the plan shall not be used as an offset against the short selling of the company's shares nor in any other manner to assist in or facilitate the short selling of the company's shares. This clause does not preclude the sale of the company's shares and exercise of options within the normal settlement period.

## 6.6 Vesting Schedule for Options Granted to Consultants Conducting Investor Relations Activities

An Optionee who is a Consultant conducting Investor Relations Activities who is granted an option under the Plan will become vested with the right to exercise one-quarter (1/4) of the option upon the conclusion of every 3 months subsequent to the date of the grant of the option, such that that Optionee will be vested with the right to exercise one hundred percent (100%) of his option upon the conclusion of 12 months from the date of the grant of the option. (By way of example, in the event that Optionee did not exercise one-quarter (1/4) of his option at the conclusion of 3 months from the date of the grant of the option, he would be entitled to exercise one-half (1/2) of his option upon the conclusion of 6 months from the date of the grant of the option)

## 6.7 Right to Postpone Exercise

Each Optionee, upon becoming entitled to exercise the option in respect of any Optioned Shares in accordance with the Option Agreement, shall thereafter be entitled to exercise the option to purchase

such Optioned Shares at any time prior to the expiration or other termination of the Option Agreement or the option rights granted thereunder in accordance with such agreement.

## 6.8 Exercise and Payment

- (a) Any option granted under the Plan may be exercised by an Optionee or, if applicable, the legal representatives of an Optionee, giving notice to the Company specifying the number of shares in respect of which such option is being exercised, accompanied by payment (by cash or certified cheque payable to the Company) of the entire exercise price (determined in accordance with the Option Agreement) for the number of shares specified in the notice. Upon any such exercise of an option by an Optionee the Company shall cause the transfer agent and registrar of shares of the Company to promptly deliver to such Optionee or the legal representatives of such Optionee, as the case may be, a share certificate in the name of such Optionee or the legal representatives of such Optionee, as the case may be, representing the number of shares specified in the notice.
- (b) Notwithstanding the subsection 6.8(a), no option shall be exercisable unless the company shall be satisfied that the issuance of shares upon exercise thereof, will be in compliance with the applicable laws of all jurisdictions where the company is a reporting issuer.
- (c) In the event that an option is exercised within four (4) months following the date it is granted, the common shares issued shall be legended with a four (4) month hold period from the date the option was granted. The wording of the legend shall be the following:

"Without prior written approval of the exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until (date inserted)."

## 6.9 Rights of Optionees

The Optionees shall have no rights whatsoever as shareholders in respect of any of the Optioned Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering) other than Optioned Shares in respect of which Optionees have exercised their option to purchase and which have been issued by the Company.

## 6.10 Third Party Offer

If, at any time when an option granted under the Plan remains unexercised with respect to any common shares, an offer to purchase all of the common shares of the Company is made by a third party, the Company may upon giving each Optionee written notice to that effect, require the acceleration of the time for the exercise of the option rights granted under the Plan and of the time for the fulfillment of any conditions or restrictions on such exercise.

## 6.11 Alterations in Shares

In the event of a stock dividend, subdivision, redivision, consolidation, share reclassification (other than pursuant to the Plan), amalgamation, merger, corporate arrangement, reorganization, liquidation or the like of or by the Company, the Board of Directors may make such adjustment, if any, of the number of Optioned Shares, or of the exercise price, or both, as it shall deem appropriate to give proper effect to such event. If because of a proposed merger, amalgamation or other corporate arrangement or reorganization, the exchange or replacement of shares in the Company for those in another corporation is imminent, the Board of Directors may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under the Plan shall be treated including, for example, requiring the acceleration of the time for the exercise of such rights by the Optionees and of the time for the fulfillment of any conditions or restrictions on such exercise. All determinations of the Board of Directors under this section 6.11 shall be full and final.

#### 6.12 Termination for Cause

Subject to section 6.13, if an Optionee ceases to be either a Director, Employee, Consultant or Management Company Employee of the Company or of any of its subsidiaries as a result of having been dismissed from any such position for cause, all unexercised option rights of that Optionee under the Plan shall immediately become terminated and shall lapse, notwithstanding the original term of the option granted to such Optionee under the Plan.

#### 6.13 Termination Other Than For Cause

- (a) If an Optionee ceases to be either a Director, Employee, Consultant or Management Company Employee of the Company or any of its subsidiaries for any reason other than as a result of having been dismissed for cause as provided in section 6.12 or as a result of the Optionee's death, such Optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such Optionee if earlier) from the date of ceasing to be either a Director, Employee, Consultant or Management Company Employee to exercise the option under the Plan with respect to all Optioned Shares of such Optionee to the extent they were exercisable on the date of ceasing to be either a Director, Employee, Consultant or Management Company Employee. Upon the expiration of such 90-day period all unexercised option rights of that Optionee shall immediately become terminated and shall lapse notwithstanding the original term of option granted to such Optionee under the Plan.
- (b) If an Optionee engaged in providing Investor Relations Activities to the Company ceases to be employed in providing such Investor Relations Activities, such Optionee shall have the right for a period of 30 days (or until the normal expiry date of the option rights of such Optionee if earlier) from the date of ceasing to provide such Investor Relations Activities to exercise the option under the Plan with respect to all Optioned Shares of such Optionee to the extent they were exercisable on the date of ceasing to provide such Investor Relations Activities. Upon the expiration of such 30-day period all unexercised option rights of that Optionee shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Optionee under the Plan.

#### 6.14 Deceased Optionee

In the event of the death of any Optionee, the legal representatives of the deceased Optionee shall have the right for a period of one year (or until the normal expiry date of

the option rights of such Optionee if earlier) from the date of death of the deceased Optionee to exercise the deceased Optionee's option with respect to all of the Optioned Shares of the deceased Optionee to the extent they were exercisable on the date of death. Upon the expiration of such period all unexercised option rights of the deceased Optionee shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to the deceased Optionee under the Plan.

#### **ARTICLE 6. AMENDMENT AND DISCONTINUANCE OF PLAN**

Subject to the acceptance of the exchanges, the Board of Directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted to an Optionee under the Plan without the consent of that Optionee.

#### **ARTICLE 7. NO FURTHER RIGHTS**

Nothing contained in the Plan nor in any option granted hereunder shall give any Optionee or any other person any interest or title in or to any shares of the Company or any rights as a shareholder of the Company or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the exercise of any option, nor shall it confer upon the Optionees any right to continue as a Director, Employee or Consultant of the Company or of any of its subsidiaries.

#### **ARTICLE 8. COMPLIANCE WITH LAWS**

The obligations of the Company to sell shares and deliver share certificates under the Plan are subject to such compliance by the Company and the Optionees as the Company deems necessary or advisable with all applicable corporate and securities laws, rules and regulations.

**SCHEDULE "A"  
TO STOCK OPTION PLAN**

**OPTION AGREEMENT**

This Option Agreement is entered into between Lakeside Minerals Inc. (the "Company") and the Optionee named below pursuant to the Stock Option Plan (the "Plan"), and confirms that:

1. on \_\_\_\_\_, \_\_\_\_\_;
2. \_\_\_\_\_ (the "Optionee");
3. was granted the option to purchase \_\_\_\_\_ common shares (the "Optioned Shares") of the company;
4. for the price of \$ \_\_\_\_\_ per Optioned Share;
5. exercisable from time to time up but not after \_\_\_\_\_, \_\_\_\_\_, and subject to the Vesting Schedule contained in section 6.06 of the Plan if applicable;

all on the terms and subject to the condition set out in the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and condition of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

LAKESIDE MINERALS INC.

\_\_\_\_\_

Optionee

By: \_\_\_\_\_

(Authorized Signatory)

**SCHEDULE "D"**  
**AMALGAMATION AGREEMENT**



## AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of the 28<sup>th</sup> day of September, 2011.

### BETWEEN:

**GRASSLANDS ENTERTAINMENT INC.**, a corporation existing under the laws of the Province of Alberta (“**Grasslands**”)

-and-

**2299990 ONTARIO LIMITED**, a corporation existing under the laws of the Province of Ontario (“**Grasslands Sub**”)

-and-

**LAKESIDE MINERALS CORP.**, a corporation existing under the laws of the Province of Ontario (“**Lakeside**”)

### RECITALS:

WHEREAS Lakeside and Grasslands Sub have agreed to amalgamate pursuant to section 175 of the Act, and for such purpose Grasslands has agreed to issue certain of its securities to the securityholders of Lakeside;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree with each other as follows:

### ARTICLE I DEFINITIONS

1.1 **Definitions.** In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following words and terms set forth in this Article I shall have the following meanings:

“**Acquisition**” means the acquisition of all of the issued and outstanding Lakeside Shares in exchange for the Consideration Shares pursuant to the terms of this Agreement;

“**Acquisition Proposal**” means any merger, amalgamation, consolidation, arrangement, business combination, recapitalization, take-over bid, sale of material assets, material sale of treasury shares or rights or interests therein or thereto (other than a public offering of treasury shares) or similar transactions involving Grasslands, or a proposal to do so, excluding the transactions contemplated hereby;

“**Act**” means the *Business Corporations Act* (Ontario);

“**Agreement**” means this Agreement and all instruments supplemental hereto or in amendment or confirmation hereof, “herein”, “hereof” and similar expressions mean and refer to this Agreement and not to any particular article, section, clause or subclause; and “Article”, “Section”, “clause” or “subclause” means and refers to the specified article, section, clause or subclause of this Agreement;

“**Amalco**” has the meaning specified in Section 2.2;

“**Amalgamating Corporations**” means, collectively, Lakeside and Grasslands Sub;

**“Amalgamation”** means the amalgamation of Lakeside and Grasslands Sub pursuant to this Agreement and in accordance with the Act;

**“Arm's Length”** has the same meaning ascribed thereto in the Tax Act;

**“Business Day”** means a day other than a Saturday or Sunday on which the principal commercial banks located in Toronto, Ontario are open for business;

**“Closing” or “Closing Date”** means the completion of the Amalgamation set forth herein, including the issuance of the Consideration Shares, Consideration Options, Consideration Warrants and Consideration Compensation Options, which shall take place on the Effective Date;

**“Consideration Compensation Options”** means an aggregate number of Grasslands compensation options that is equal to 100% of the Lakeside Compensation Options as at the closing date of the Acquisition to be issued to Lakeside Compensation Option holders in return for the Lakeside Compensation Options;

**“Consideration Options”** means an aggregate number of Grasslands options that is equal to 100% of the Lakeside Options as at the closing date of the Acquisition to be issued to Lakeside Option holders in return for the Lakeside Options ;

**“Consideration Shares”** means an aggregate number of Consolidated Shares that is equal to 100% of the Lakeside Shares as at the closing date of the Acquisition to be issued to Lakeside Shareholders in return for the Lakeside Shares;

**“Consideration Warrants”** means an aggregate number of Grasslands warrants that is equal to 100% of the Lakeside Warrants as at the closing date of the Acquisition to be issued to Lakeside Warrant holders in return for the Lakeside Warrants;

**“Consolidated Shares”** means the common shares of Grasslands consolidated in accordance with the Share Consolidation;

**“Continuance”** mean the continuance of Grasslands from Alberta to Ontario in accordance with the Act;

**“Effective Date”** means the date of amalgamation as set forth in the certificate of amalgamation for Amalco;

**“Generally Accepted Accounting Principles”** means the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants;

**“Grasslands”** means Grasslands Entertainment Inc.;

**“Grasslands' Business”** means creating, producing and marketing targeted television programming content through distinct business units for the cable specialty market;

**“Grasslands' Financial Statements”** mean audited financial statements of Grasslands for the years ended June 30, 2010, 2009 and 2008 and the unaudited interim financial statements of Grasslands for the three and nine month periods ended March 31, 2011 and 2010, and the related management discussion and analysis of Grasslands' financial results;

**“Grasslands JVco”** means 1183290 Alberta Inc., a wholly-owned subsidiary of Grasslands;

**“Grasslands Shareholders”** means holders of Pre-Consolidation Grasslands Shares;

**“Grasslands Special Shareholders Meeting”** means an annual and special meeting of the Grasslands Shareholders to be held on October 31, 2011 approving, among other things: (a) the Share Consolidation, to take effect

immediately prior to Closing; (b) the Continuance, to take effect immediately prior to Closing; and (c) a name change from "Grasslands Entertainment Inc." to "Lakeside Minerals Inc." or such other name as the board of directors of Grasslands may approve, to take effect immediately prior to Closing;

**"Grasslands Sub"** means 2299990 Ontario Limited, a wholly-owned subsidiary of Grasslands;

**"Lakeside"** means Lakeside Minerals Corp.;

**"Lakeside's Business"** means the acquisition, exploration and development of mineral resource properties in Canada;

**"Lakeside Compensation Options"** means, collectively, all compensation options of Lakeside that are issued and outstanding immediately prior to closing the Acquisition;

**"Lakeside's Financial Statements"** means the audited financial statements of Lakeside for the year ended January 31, 2011 and the unaudited interim financial statements of Lakeside for the three month period ended April 30, 2011, and the related management discussion and analysis of Lakeside's financial results;

**"Lakeside Mineral Claims"** means, collectively, the mineral claims held or under option agreements by Lakeside that includes the following properties: Dufay, Disson, Launay, Quevillon, Kipawa, Lac Evain, 391, Kinojevis, and 21M16, all located in Quebec;

**"Lakeside Options"** means, collectively, all stock options of Lakeside that are issued and outstanding immediately prior to closing the Acquisition;

**"Lakeside Shares"** means, collectively, all common shares in the capital of Lakeside that are issued and outstanding immediately prior to closing the Acquisition;

**"Lakeside Shareholders"** means all of the shareholders of Lakeside;

**"Lakeside Units"** means either flow-through or non flow-through units of Lakeside to be issued under the RTO Financing, with each non flow-through Unit comprised of one Lakeside Share and one-half of one Lakeside Warrant and each flow-through Unit comprised of one flow-through Lakeside Share and one-half of one Lakeside Warrant;

**"Lakeside Warrants"** means, collectively, all common share purchase warrants of Lakeside that are issued and outstanding immediately prior to closing the Acquisition;

**"Letter Agreement"** means the letter agreement dated January 20, 2011 between Grasslands, Lakeside and Foundation Financial Holdings Corp., as amended and restated by letter agreements dated as of May 31, 2011 and as of September 28, 2011;

**"Material Fact"** in relation to any party hereto includes, without limitation, any fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the shares of such party;

**"Maximum RTO Financing"** means the maximum offering under the RTO Financing for gross proceeds of \$5,000,000;

**"MIC"** means the Management Information Circular of Grasslands prepared in accordance with the TSXV Form of Information Circular (Form 3D1), which provides full, true and plain disclosure of all material facts relating to Grasslands, Lakeside and the Amalgamation;

**"Minimum RTO Financing"** means the minimum offering under the RTO Financing for gross proceeds of \$1,700,000;

**"Parties"** means collectively, Lakeside, Grasslands and Grasslands Sub, and **"Party"** means any one of them;

“**Person**” includes an individual or a corporation, unincorporated association or organization, body corporate, partnership, trust, association or other entity;

“**Pre-Consolidation Grasslands Shares**” means the Class A voting common shares in the capital of Grasslands prior to the Share Consolidation taking effect;

“**Resulting Issuer**” means the issuer existing on the closing of the Acquisition, formerly referred to as Grasslands;

“**RTO**” means a reverse take over as that term is used in the TSXV Manual;

“**RTO Financing**” means the potential offering of Lakeside Units, to be completed in conjunction with the completion of the Acquisition, for gross proceeds of a minimum of \$1,700,000 and a maximum of \$5,000,000 as described in the MIC, to achieve the minimum listing requirements of the TSXV for a Mining Issuer, as described in Policy 2.1 of the TSXV Manual;

“**Share Consolidation**” means the consolidation of the Pre-Consolidation Grasslands Shares on a one (1) new share for every five (5) old shares (1:5) basis, such consolidation to occur prior to the Acquisition and the issuance of the Consideration Shares;

“**Securities Acts**” means collectively the *Securities Act* (Ontario), *Securities Act* (British Columbia) and the *Securities Act* (Alberta) as may be amended from time to time, and any successors thereto;

“**Tax Act**” means the *Income Tax Act* (Canada), as it may be amended from time to time, and any successor thereto. Any reference herein to a specific section or sections of the Tax Act, or regulations promulgated thereunder, shall be deemed to include a reference to all corresponding provisions of future law;

“**Tax Laws**” shall mean the Tax Act and any applicable provincial, or foreign income taxation statute(s), as from time to time amended, and any successors thereto;

“**Third Party**” means any Person other than the parties to this Agreement;

“**Transfer Agent**” means Computershare Trust Company of Canada;

“**TSXV**” means TSX Venture Exchange Inc.;

“**TSXV Manual**” means the Corporate Finance Manual of the TSXV; and

“**TSXV Requirements**” means and includes the articles, by laws, policies, circulars, rules, guidelines, orders, notices, rulings, forms, decisions and regulations of the TSXV as from time to time enacted, any instructions, decisions and directions of the TSXV (including those of any committee of the TSXV as appointed from time to time).

1.2 **Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are in Canadian funds.

1.3 **Tender.** Any tender of documents or money hereunder may be made upon the Parties or their respective counsel and money may be tendered by bank draft or by certified cheque.

1.4 **Number and Gender.** Where the context requires, words imparting the singular shall include the plural and vice versa, and words imparting gender shall include all genders.

1.5 **Headings.** Article and section headings contained in this Agreement are included solely for convenience, are not intended to be full or accurate descriptions of the content thereof and shall not be considered part of this Agreement or affect the construction or interpretation of any provision hereof.

1.6 **Schedules.** The schedules to this Agreement shall be construed with and be considered an integral part of this Agreement to the same extent as if the same had been set forth *verbatim* herein. The following schedules are attached hereto:

Schedule "A" **Lakeside Convertible Securities**

1.7 **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with Generally Accepted Accounting Principles.

**ARTICLE II  
AMALGAMATION**

2.1 **Agreement to Amalgamate.** The Amalgamating Corporations do hereby agree to amalgamate pursuant to the provisions of Section 175 of the Act as of the Effective Date and to continue as one corporation on the terms and conditions set out in this Agreement.

2.2 **Name.** The name of the amalgamated corporation shall be Lakeside Minerals Corp. ("Amalco").

2.3 **Registered Office.** The registered office of Amalco shall be 95 Wellington Street West, Suite 1200, Toronto, Ontario M5J 2Z9.

2.4 **Authorized Capital.** Amalco is authorized to issue an unlimited number of common shares.

2.5 **Number of Directors.** The board of directors of Amalco shall, until otherwise changed in accordance with the Act, consist of a floating number of three (3) to ten (10) directors.

2.6 **Business.** There shall be no restrictions on the business which Amalco is authorized to carry on.

2.7 **Initial Management of Amalco:**

(a) The first directors of Amalco shall be the persons whose names appear below:

<u>Name</u>	<u>Municipality of Residence</u>	<u>Resident Canadian</u>
Yannis Banks	Toronto, Ontario	Yes
Jeremy Goldman	Toronto, Ontario	Yes
Scott Jobin-Bevans	Toronto, Ontario	Yes
Richard Cleath	Duluth, Minnesota	No
Andres Tinajero	Richmond Hill, Ontario	Yes
Jean-Pierre Chauvin	Oakville, Ontario	Yes
Jean-Francois Pelland	Montreal, Quebec	Yes

Each such director shall hold office until the next annual meeting of shareholders of Amalco or until his successor is elected or appointed.

(b) The first officers of Amalco shall be the persons whose names appear below:

	<u>Name</u>	<u>Municipality of Residence</u>	<u>Position</u>
1.	Mario Justino	Montreal, Quebec	President & CEO
2.	Chris Hazelton	Barrie, Ontario	CFO

3.	Adam Szweras	Thornhill, Ontario	Secretary
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2.8 **Initial Management of Resulting Issuer upon Amalgamation.**

(a) The first directors of the Resulting Issuer shall be the persons whose names appear below:

<u>Name</u>	<u>Municipality of Residence</u>	<u>Resident Canadian</u>
Yannis Banks	Toronto, Ontario	Yes
Jeremy Goldman	Toronto, Ontario	Yes
Scott Jobin-Bevans	Toronto, Ontario	Yes
Richard Cleath	Duluth, Minnesota	No
Andres Tinajero	Richmond Hill, Ontario	Yes
Jean-Pierre Chauvin	Oakville, Ontario	Yes
Jean-Francois Pelland	Montreal, Quebec	Yes

Such directors shall hold office until the next annual meeting of shareholders of the Resulting Issuer or until their successors are elected or appointed.

(b) The first officers of the Resulting Issuer shall be the persons whose names appear below:

	<u>Name</u>	<u>Municipality of Residence</u>	<u>Position</u>
1.	Mario Justino	Montreal, Quebec	President & CEO
2.	Chris Hazelton	Barrie, Ontario	CFO
3.	Adam Szweras	Thornhill, Ontario	Secretary

2.9 **Amalgamation.** On the Effective Date and subject to Article III, the issued Lakeside Shares and other securities of Lakeside held by securityholders thereof will be cancelled and such securityholders of Lakeside shall receive securities of Grasslands as set forth in Article III.

2.10 **By-Laws.** The by-laws of Amalco, until repealed, amended or altered, shall be the by-laws of Lakeside.

2.11 **Filing of Documents.** Upon the shareholders of each of the Amalgamating Corporations approving this Agreement by special resolution in accordance with the Act, the Amalgamating Corporations shall jointly file with the Director, under the Act, articles of amalgamation and such other documents as may be required.

2.12 **Stated Capital.** The stated capital of Amalco, immediately after the amalgamation becomes effective shall be equal to the aggregate stated capital of each of the Amalgamating Corporations.

**ARTICLE III  
ISSUANCE OF GRASSLANDS SECURITIES**

**3.1 Grasslands Share Consolidation and Continuance.** Immediately prior to the Amalgamation taking effect, Grasslands shall (a) complete a consolidation of the issued and outstanding Pre-Consolidation Grasslands Shares on the basis of five (5) old shares for one (1) new share approved at the Grasslands Special Shareholders Meeting such that upon such Share Consolidation taking effect the currently outstanding 16,997,696 Pre-Consolidation Grasslands Shares will be consolidated into approximately 3,399,539 Consolidated Shares; and (b) complete the Continuance.

**3.2 Lakeside Securities to be Issued and Outstanding in Conjunction with the Completion of the RTO**

- (a) As of the date of this Agreement, there are currently 16,422,767 Lakeside Shares, 4,526,333 Lakeside Warrants, 2,300,000 Lakeside Options and 179,013 Lakeside Compensation Options issued and outstanding.
- (b) In addition to the foregoing, immediately prior to Closing, in connection and concurrently with the RTO, Lakeside intends to complete the RTO Financing.
- (c) Taking into account all the issuances referred to in Section 3.2(b), immediately prior to closing the Acquisition, Lakeside is expected to have the following additional securities issued and outstanding (on a non-diluted basis):
  - (i) 7,800,000 Lakeside Shares (assuming the completion of the Minimum Offering) and 23,500,000 Lakeside Shares (assuming completion of the Maximum Offering);
  - (ii) 3,900,000 Lakeside Warrants (assuming completion of the Minimum Offering) and 11,750,000 Lakeside Warrants (assuming completion of the Maximum Offering);
  - (iii) 624,000 Lakeside Compensation Options (assuming completion of the Minimum Offering) and 1,880,000 Lakeside Compensation Options (assuming completion of the Maximum Offering).

**3.3 Issuance of Consideration Shares In Exchange for Securities of the Amalgamating Corporations.** On Closing, rather than receiving securities of Amalco, the securityholders of Lakeside will each receive securities of Grasslands based on a one (1) to one (1) exchange ratio, as follows:

- (a) for every one (1) Lakeside Share held, the holder thereof will receive one (1) Consideration Share, such shares to be issued at an ascribed price of \$0.175 per Consideration Share;
- (b) for every one (1) Lakeside Warrant held, the holder thereof will receive one (1) Consideration Warrant;
- (c) for every one (1) Lakeside Compensation Option held the holder thereof will receive one (1) Consideration Compensation Option; and
- (d) for every one (1) Lakeside Option held the holder thereof will receive one (1) Consideration Option.

No fractional Consideration Shares, Consideration Warrants, Consideration Compensation Options or Consideration Options shall be issued by Grasslands pursuant to this Agreement. Any exchange that results in less than a whole number of Consideration Shares, Consideration Warrants, Consideration Compensation Options or Consideration Options shall be rounded down to the next whole number and no

compensation shall be made with respect to any fractional Consideration Shares, Consideration Warrants, Consideration Compensation Options or Consideration Options.

**ARTICLE IV  
REPRESENTATIONS AND WARRANTIES**

4.1 **Representations and Warranties of Grasslands.** Grasslands hereby represents and warrants to Lakeside that:

- (a) Grasslands, Grasslands Sub and Grasslands JVco are corporations duly incorporated or amalgamated and validly subsisting under the laws of the jurisdictions in which they were incorporated or amalgamated, have all requisite corporate power to own their respective properties and to conduct their respective business as it is presently being conducted and are registered or otherwise qualified to carry on business in all jurisdictions in which the nature of their assets or business makes such registration or qualification necessary or advisable;
- (b) subject to obtaining any required regulatory approvals, as applicable, Grasslands and Grasslands Sub have full legal capacity and corporate power to enter into this Agreement and to take, perform or execute all proceedings, acts and instruments necessary or advisable to consummate the actions and transactions contemplated in this Agreement; all necessary corporate action has been taken, or will be taken prior to the Effective Date, by or on the part of Grasslands and Grasslands Sub to authorize the execution and delivery of this Agreement and the transactions contemplated herein, including, in the case of Grasslands Sub, approval of the amalgamation by special resolution of its sole shareholder, and the taking, performing or executing of such proceedings, acts and instruments as are necessary or advisable for consummating the actions and transactions contemplated in this Agreement and for fulfilling their respective obligations hereunder;
- (c) this Agreement has been duly executed and delivered on behalf of Grasslands and Grasslands Sub and constitutes a legal, valid and binding obligation of each of them, enforceable against each of them in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, reorganization or other laws relating to the enforcement of creditors' rights generally;
- (d) neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor compliance with and fulfillment of the terms and provisions of this Agreement will:
  - (i) conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under:
    - (1) any of the constating documents or by-laws of Grasslands or Grasslands Sub; or
    - (2) any instrument, agreement, mortgage, judgment, order, award, decree or other instrument or restriction to which Grasslands or Grasslands Sub is a party of or by which either of them is bound; or
  - (ii) except as otherwise described herein, require any affirmative approval, consent, authorization or other order or action by any court, governmental authority or regulatory body or by any creditor of Grasslands or Grasslands Sub or any party to any agreement to which Grasslands or Grasslands Sub is a party or by which Grasslands or Grasslands Sub is bound, except as shall have been obtained prior to Closing;
- (e) the authorized capital of Grasslands consists of an unlimited number of Grasslands Shares, of which 16,997,696 Pre-Consolidation Grasslands Shares are presently issued and outstanding. Each of the presently issued and outstanding Pre-Consolidation Grasslands Shares has been validly allotted and issued and is outstanding as a fully-paid and non-assessable share;



- (f) the authorized capital of Grasslands Sub consists of an unlimited number of common shares, of which 1 common share is presently issued and outstanding. Grasslands is the legal and beneficial owner of such issued and outstanding common share;
- (g) no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, including convertible securities, warrants or convertible obligations of any nature, for the purchase from Grasslands of any Grasslands Shares or for the subscription, allotment or issuance of any unissued shares in the capital of Grasslands;
- (h) the books and records of Grasslands fairly and correctly set out and disclose in all material respects, the financial position of Grasslands as at the dates thereof and all material financial transactions of Grasslands relating to Grasslands' Business have been accurately recorded in such books and records;
- (i) Grasslands does not have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of Grasslands and, at Closing, Grasslands will have originals or copies of all such records, systems, controls, data or information in its possession or control;
- (j) Grasslands' Financial Statements fairly present the financial position of Grasslands as at the dates indicated therein and fairly present the results of operations for the periods ended on such dates, all in accordance with Generally Accepted Accounting Principles consistently applied throughout the period covered thereby, save and except as stated therein. Grasslands' books of account reflect all items of income and expense and all assets and liabilities and accruals required to be reflected therein;
- (k) as of the date hereof, the board of directors of Grasslands, after considering this Agreement and the transactions contemplated herein, has determined unanimously that this Agreement and the transactions contemplated herein are fair to Grasslands' security holders and are in the best interests of Grasslands;
- (l) save and except for matters which are disclosed in Grasslands' Financial Statements, the MIC or otherwise expressly set out in this Agreement, Grasslands has not (nor has it agreed to):
  - (i) incurred any debts, obligations or liabilities (absolute, accrued, contingent or otherwise and whether due or to become due), except debts, obligations and liabilities incurred in the ordinary course of business;
  - (ii) discharged or satisfied any liens or paid any obligation or liability other than liabilities shown on Grasslands' Financial Statements, other than in the ordinary course of business;
  - (iii) declared or made any payment, distribution or dividend based on its shares or purchased, redeemed or otherwise acquired any of the shares in its capital or other securities or obligated itself to do so;
  - (iv) mortgaged, pledged or subjected to lien or other security interest any of its assets, tangible or intangible other than the usual security granted to secure a bank line of credit;
  - (v) sold, assigned, leased, transferred or otherwise disposed of any of its assets (excluding inventory) whether or not in the ordinary course of business;

- (vi) increased materially the compensation payable or to become payable to any of its officers, directors or employees, or in any bonus payment to or arrangement made with any officer, director or employee, or made any material changes in its personnel policies or employee benefits;
- (vii) cancelled, waived, released or compromised any debt, claim or right resulting in a material adverse effect on the business, prospects or financial condition of Grasslands;
- (viii) significantly altered or revised any of its accounting principles, procedures, methods or practices except as required under Generally Accepted Accounting Principles;
- (ix) changed its credit policy as to provision of services, sales of inventories or collection or accounts receivable except as dictated by competitive conditions;
- (x) suffered any material damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, business or prospects of Grasslands;
- (xi) entered into any transaction, contract or commitment other than in the ordinary course of business except for the transactions set forth in this Agreement;
- (xii) made or authorized any capital expenditures in excess of \$5,000 in the aggregate;
- (xiii) issued or sold any shares in its capital stock or other securities, or granted any options with respect thereto; or
- (xiv) suffered or experienced any material adverse change in, or event or circumstance affecting, the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business, operations or prospects, and Grasslands has no knowledge, information or belief of any fact, event or circumstances which might reasonably be expected to affect materially and adversely the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business operations or prospects, and has not changed any shares of its capital stock, whether by way of reclassification, stock split or otherwise;
- (m) the corporate records and minute books of Grasslands as provided to Lakeside or its legal counsel contain complete and accurate minutes of all meetings of and corporate actions or written consents by the directors and shareholders of Grasslands, including all by-laws and resolutions passed by the board of directors and shareholders of Grasslands since the amalgamation of Grasslands; and all such meetings were duly called and held. The shareholders' list maintained by Grasslands' Transfer Agent provided to Lakeside is, to the best of Grasslands' knowledge, complete and accurate in all respects;
- (n) other than Grasslands Sub and Grasslands JVco, Grasslands does not hold or own, beneficially or otherwise, any securities of any other corporate entity;
- (o) Grasslands does not operate or engage in any business activities, operations or management of any nature or kind whatsoever other than Grasslands' Business;
- (p) except as expressly referred to in Grasslands' Financial Statements;
  - (i) Grasslands does not have outstanding any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever and Grasslands is not bound under any agreement to create, issue or incur any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever; and

- (ii) Grasslands is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (q) since amalgamation, no payments have been made or authorized by Grasslands to its officers, directors, employees, shareholders or former directors, officers, employees or shareholders or to any person not dealing at Arm's Length with any of the foregoing, except those expressly disclosed herein or in the MIC, reflected in Grasslands' Financial Statements or made in the ordinary course of business and at the regular rates payable to them of salary, pension, bonuses or other remuneration of any nature;
- (r) except for the 2009 and 2010 corporate tax returns (which will, when filed, reflect no tax liability to Grasslands due to losses in each year), Grasslands has filed all tax returns required to be filed by it prior to the date hereof in all applicable jurisdictions and has paid, collected and remitted all taxes, customs duties, tax instalments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by it at present. All such tax returns properly reflect, and do not in any respect understate the income, taxable income or the liability for taxes of Grasslands in the relevant period and the liability of Grasslands for the collection, payment and remittance of tax under applicable Tax Laws;
- (s) adequate provision has been made in Grasslands' Financial Statements for all taxes, governmental charges and assessments, including interest and penalties thereon, payable by Grasslands for all periods up to the date of the balance sheets comprising part of Grasslands' Financial Statements;
- (t) Grasslands has withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including three and nine month periods ended March 31, 2011 and 2010;
- (u) there are no actions, suits or other proceedings, investigations or claims in progress or pending and, to the best of Grasslands' belief and knowledge, there are no actions, suits or other proceedings or investigations or claims threatened, against Grasslands, Grasslands Sub or Grasslands JVco in respect of any taxes, governmental charges or assessments and no waivers have been filed by Grasslands, Grasslands Sub or Grasslands JVco with any taxing authority;
- (v) Grasslands is conducting and has always conducted Grasslands' Business in substantial compliance with all applicable laws, rules and regulations of each jurisdiction in which Grasslands' Business is carried on, is not currently in breach of any such laws, rules or regulations and is duly licensed, registered or qualified in each jurisdiction in which Grasslands owns or leases property or carries on Grasslands' Business, to enable Grasslands' Business to be carried on as now conducted;
- (w) other than the TSXV Requirements, the filing of articles of amalgamation and any required regulatory approvals, no consent, licence, approval, order or authorization of, or registration, filing or declaration with any governmental authority that has not been obtained or made by Grasslands and no consent of any Third Party is required to be obtained by Grasslands in connection with the execution, delivery and performance by Grasslands of this Agreement or the consummation of the transactions contemplated hereby;
- (x) with the exception of a possible claim against Grasslands as at March 31, 2011 with regards to a contract signed over ten (10) years ago for the "Thirsty Traveller I" television series whereby Grasslands is examining alternatives for determining the validity of the claim and its ultimate disposition and Grasslands believes the claim is without merit and has quantified the maximum exposure at sixty thousand dollars (\$60,000), there is no action, lawsuit, claim, proceeding, or investigation pending or, to the best knowledge of Grasslands, threatened against, relating to or affecting Grasslands, Grasslands Sub or Grasslands JVco before any court, government agency, or any arbitrator of any kind, and Grasslands is not aware of any existing ground on which any such

proceeding might be commenced with any reasonable likelihood of success and there is not presently outstanding against Grasslands, Grasslands Sub or Grasslands JVco any judgment, decree, injunction, rule or order of any court, governmental agency, or arbitrator relating to or affecting Grasslands, Grasslands Sub or Grasslands JVco in connection with Grasslands' Business;

- (y) other than the consulting agreements with Grasslands' CEO and CFO, there is not now outstanding any arrangement (contractual or otherwise) between Grasslands and any Person which will or may be, terminated or, to the best of the knowledge of Grasslands, prejudicially affected as a result of the amalgamation contemplated herein;
- (z) no employee has made any claim or, to the best of Grasslands' knowledge, has any basis for any action or proceeding against Grasslands, arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices, harassment, occupational health and safety standards or worker's compensation;
- (aa) Grasslands has not made any agreements with any labour union or employee association nor made any commitments to or conducted any negotiations with any labour union or employee association with respect to any future agreements;
- (bb) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of Grasslands' employees by way of certification, interim certification, voluntary recognition, designation or successor rights;
- (cc) Grasslands is not a party to any lease or agreement in the nature of a lease, whether as lessor or lessee;
- (dd) Grasslands does not currently own any material insurable assets and does not currently maintain any policies of insurance;
- (ee) with the exception of ten thousand dollars (\$10,000) Grasslands has agreed to pay to each director upon the earlier of the closing of the Acquisition and November 30, 2011, there are no outstanding written or oral employment contracts, sales, services, management or consulting agreements, employee benefit or profit-sharing plans, or any bonus arrangements with any employee or director of Grasslands, nor are there any outstanding oral contracts of employment which are not terminable on the giving of reasonable notice in accordance with applicable law. There are no pension or retirement plans established by or for Grasslands for the employees of Grasslands' Business;
- (ff) Grasslands is a reporting issuer in Alberta and British Columbia and is not in default of any requirement of the Securities Acts of such jurisdictions; and
- (gg) no representation or warranty made by Grasslands in this Agreement and no statement made in any schedule, exhibit, certificate or other document furnished pursuant to this Agreement, contains, or will contain, any untrue statement of a Material Fact or omits, or will omit, to state any Material Fact necessary to make such representation or warranty or any such statement not misleading. Grasslands does not know of any fact which, if known to Lakeside, would deter it from consummating the transactions contemplated herein.

4.2 No investigations made by or on behalf of Lakeside at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by Grasslands herein or pursuant hereto and no waiver by Lakeside of any condition, in whole or in part, shall operate as a waiver of any other conditions.

4.3 **Representations and Warranties of Lakeside.** Lakeside hereby represents and warrants to Grasslands that:

- (a) Lakeside is a corporation validly existing under the laws of the Province of Ontario, has all legal capacity and requisite corporate power to own its properties and to conduct its business as it is presently being conducted, and is duly registered or otherwise qualified to carry on business in all jurisdictions in which the nature of its assets or business makes such registration or qualification necessary or advisable;
- (b) the Lakeside Shareholders are the registered and beneficial owners of all of the issued and outstanding Lakeside Shares, which Lakeside Shares constitute all of the issued and outstanding shares in the capital of Lakeside, free and clear of all liens, charges, pledges, security interests, demands, adverse claims, rights or any other encumbrances whatsoever and no Person has any right, option, agreement or arrangement capable of becoming an agreement for the acquisition of any of the Lakeside Shares or any interest therein from the Lakeside Shareholders;
- (c) Lakeside has the full legal capacity and corporate power to enter into this Agreement and to take, perform or execute all proceedings, acts and instruments necessary or advisable to consummate the other actions and transactions contemplated in this Agreement and to fulfill its obligations under this Agreement;
- (d) this Agreement has been duly executed and delivered by Lakeside and this Agreement constitutes a legal, valid and binding obligation of Lakeside enforceable against Lakeside in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, re-organization or other laws relating to the enforcement of creditors' rights generally;
- (e) neither the execution, nor delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor compliance with and fulfillment of the terms and provisions of this Agreement will:
  - (i) conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under:
    - (1) any of the constating documents or by-laws of Lakeside; or
    - (2) any instrument, agreement, mortgage, judgment, order, award, decree or other instrument or restriction to which Lakeside is a party or by which Lakeside is bound; and
  - (ii) except as otherwise described herein, require any affirmative approval, consent, authorization or other order or action by any court, governmental authority or regulatory body or by any creditor of Lakeside or any party to any agreement to which Lakeside is a party or by which Lakeside is bound, except as shall have been obtained prior to Closing;
- (f) except for the Lakeside convertible securities set out in Schedule "A", no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any unissued shares in the capital of Lakeside;
- (g) the authorized capital of Lakeside is an unlimited number of common shares of which 16,422,767 Lakeside Shares are presently validly issued and outstanding as fully paid and non-assessable shares in the capital of Lakeside;

- (h) the books and records of Lakeside fairly and correctly set out and disclose in all material respects, the financial position of Lakeside as at the dates thereof and all material financial transactions of Lakeside relating to Lakeside's Business have been accurately recorded in such books and records;
- (i) Lakeside does not have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of Lakeside;
- (j) all agreements by which Lakeside holds an interest in the Lakeside Mineral Claims are in good standing according to their terms, all of the Lakeside Mineral Claims in existence on the date hereof have previously been disclosed in writing to Grasslands and Lakeside is the beneficial owner of the option agreements that pertain to the Lakeside Mineral Claims;
- (k) save and except for matters which are disclosed in the Lakeside Financial Statements or otherwise expressly set out in this Agreement or the MIC, prior to the Closing Date Lakeside has not agreed to:
  - (i) incur any debts, obligations or liabilities (absolute, accrued, contingent or otherwise and whether due or to become due), except debts, obligations and liabilities incurred in the ordinary course of business;
  - (ii) discharge or satisfy any liens or pay any obligation or liability other than liabilities shown on Lakeside's Financial Statements, other than in the ordinary course of business;
  - (iii) declare or make any payment, distribution or dividend based on its shares or purchase, redeem or otherwise acquire any of the shares in its capital or other securities or obligated itself to do so;
  - (iv) mortgage, pledge or subject to lien or other security interest any of its assets, tangible or intangible other than the usual security granted to secure a bank line of credit or other than in the ordinary course of business;
  - (v) sell, assign, lease, transfer or otherwise dispose of any of its assets (excluding inventory) having either a book value or fair market value in excess of ten thousand dollars (\$10,000), whether or not in the ordinary course of business, except for transactions involving the Lakeside Mineral Claims previously disclosed to Grasslands;
  - (vi) increase materially the compensation payable or to become payable by Lakeside to any of its officers, directors or employees, or in any bonus payment to or arrangement with any officer, director or employee, or make any material changes in the personnel policies or employee benefits of Lakeside;
  - (vii) cancel, waive, release or compromise any debt, claim or right resulting in a material adverse effect on the business, prospects or financial condition of Lakeside;
  - (viii) significantly alter or revise any of its accounting principles, procedures, methods or practices except as required under Generally Accepted Accounting Principles or other regulatory guidelines;
  - (ix) change its credit policy as to provision of services, sales of inventories or collection of accounts receivable except as dictated by competitive conditions;

- (x) suffer any material damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, business or prospects of Lakeside;
  - (xi) enter into any transaction, contract or commitment other than in the ordinary course of business except for the transactions set forth in this Agreement or the MIC;
  - (xii) make or authorize any capital expenditures in excess of ten thousand dollars (\$10,000) in the aggregate except for commitments made in respect of the Lakeside Mineral Claims previously disclosed to Grasslands;
  - (xiii) issue or sell any shares in its capital stock or other securities, or grant any options with respect thereto except as described in this Agreement or the MIC; or
  - (xiv) suffer or experience any material adverse change in, or event or circumstance affecting, the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business, operations or prospects and Lakeside has no knowledge, information or belief of any fact, event or circumstances which might reasonably be expected to affect materially and adversely the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business operations or prospects and it has not changed any shares of its capital stock, whether by way of reclassification, stock split or otherwise;
- (l) the Lakeside Financial Statements fairly present the financial position of Lakeside as at the date thereof and fairly present the results of operations for the periods ended on such dates, all in accordance with Generally Accepted Accounting Principles consistently applied throughout the period covered thereby, save and except as stated therein. Lakeside's books of account reflect items of income and expense and all assets and liabilities and accruals required to be reflected therein;
- (m) the corporate records and minute books of Lakeside as provided to Grasslands or its legal counsel contain complete and accurate minutes of all meetings of and corporate actions or written consents by the directors and shareholders of Lakeside, including all by-laws and resolutions passed by the board of directors and shareholders of Lakeside since the incorporation of Lakeside and all such meetings were duly called and held;
- (n) Lakeside does not operate or engage in any business activities, operations or management of any nature or kind whatsoever other than Lakeside's Business;
- (o) except as disclosed in the MIC, Lakeside does not have any related party transactions;
- (p) except as expressly referred to in Lakeside's Financial Statements or the MIC,
- (i) Lakeside does not have outstanding any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever and Lakeside is not bound under any agreement to create, issue or incur any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever; and
  - (ii) Lakeside is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (q) since incorporation, no payments have been made or authorized by Lakeside to its officers, directors, employees, shareholders or former directors, officers, employees or shareholders or to any person not dealing at Arm's Length with any of the foregoing, except those expressly disclosed herein, reflected in Lakeside's Financial Statements or the MIC or made in the ordinary

course of business and at the regular rates payable to them of salary, pension, bonuses or other remuneration of any nature;

- (r) Lakeside has filed all tax returns required to be filed by it prior to the date hereof in all applicable jurisdictions and has paid, collected and remitted all taxes, customs duties, tax installments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by it at present. All such tax returns properly reflect, and do not in any respect understate the income, taxable income or the liability for taxes of Lakeside in the relevant period and the liability of Lakeside for the collection, payment and remittance of tax under applicable Tax Laws;
- (s) adequate provision has been made in Lakeside's Financial Statements for all taxes, governmental charges and assessments, including interest and penalties thereon, payable by Lakeside for all periods up to the date of the balance sheets comprising part of Lakeside's Financial Statements;
- (t) Lakeside has withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including April 30, 2011;
- (u) Lakeside is conducting and has always conducted Lakeside's Business in substantial compliance with all applicable laws, rules and regulations of each jurisdiction in which Lakeside's Business is carried on. Lakeside is not currently in breach of any such laws, rules or regulations and is duly licenced, registered or qualified, in each jurisdiction in which Lakeside owns, has an option in or leases property or carries on Lakeside's Business, to enable Lakeside's Business to be carried on as now conducted and its property and assets to be owned, leased and operated, and all such licences, registrations and qualifications are valid and subsisting and in good standing and none of the same contains any burdensome term, provision, condition or limitation which has or may have an adverse effect on the operation of Lakeside's Business;
- (v) to the best of its knowledge and belief, all private placements of Lakeside Shares, Lakeside Warrants and grants of Lakeside Compensation Options have been completed in accordance with all applicable securities regulations;
- (w) no employee has made any claim or, to the best of Lakeside's knowledge, has any basis for any action or proceeding against Lakeside arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices, harassment, occupational health and safety standards or worker's compensation;
- (x) Lakeside has not made any agreements with any labour union or employee association nor made any commitments to or conducted any negotiations with any labour union or employee association with respect to any future agreements;
- (y) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the employees or Lakeside by way of certification, interim certification, voluntary recognition, designation or successor rights;
- (z) there is no material (either alone or in the aggregate) action, lawsuit, claim, proceeding, or investigation pending or, to the best knowledge of Lakeside, threatened against, relating to or affecting Lakeside before any court, government agency, or any arbitrator of any kind. Lakeside is not aware of any existing ground on which any such proceeding might be commenced with any reasonable likelihood of success and there is not presently outstanding against Lakeside any judgment, decree, injunction, rule or order of any court, governmental agency, or arbitrator relating to or affecting Lakeside, Lakeside's Properties or Lakeside's Business. No waivers have been filed by Lakeside with any taxing authority;



- (aa) there is not now outstanding any arrangement (contractual or otherwise) between Lakeside and any Person which will or may be, terminated or, to the best knowledge of Lakeside, prejudicially affected as a result of the amalgamation contemplated herein; and
- (bb) no representation or warranty made by Lakeside in this Agreement and no statement made in any schedule, exhibit, certificate or other document furnished pursuant to this Agreement, contains, or will contain, any untrue statement of a Material Fact or omits, or will omit, to state any Material Fact necessary to make such representation or warranty or any such statement not misleading. Lakeside does not know of any fact which, if known to the other parties hereto would deter them from consummating the transactions contemplated herein.

4.4 No investigations made by or on behalf of Grasslands at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by Lakeside herein or pursuant hereto and no waiver by Grasslands of any condition, in whole or in part, shall operate as a waiver of any other condition.

## ARTICLE V COVENANTS

5.1 **General Covenants of Grasslands.** Grasslands covenants and agrees that, unless otherwise contemplated herein, Grasslands shall:

- (a) take all requisite action to:
  - (i) approve this Agreement; and
  - (ii) approve such actions as the other Parties hereto may determine to be necessary or desirable for the purposes hereof;
- (b) in consultation with Lakeside and its counsel, prepare and file the MIC all in accordance with applicable laws, and call and hold the Grasslands Special Shareholders Meeting;
- (c) use its reasonable commercial efforts to preserve intact as a going concern Grasslands' Business, organization and goodwill, to keep available the services of its officers and employees as a group and to maintain its business relationships;
- (d) give its consent (and provide such other reasonable assurances as may be required) and use its best efforts to obtain (including the provision of such reasonable assurances as may be required), consents of all other Persons to the transactions contemplated by this Agreement, as may be required pursuant to any statute, law or ordinance or by any governmental or other regulatory authority having jurisdiction;
- (e) upon Grasslands receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, such information shall be promptly disclosed in writing to the solicitors for Lakeside;
- (f) in consultation with Lakeside and its counsel, forthwith use its best efforts to obtain all necessary regulatory approvals and to make application to the TSXV for approval for the RTO and to request the TSXV's waiver of any requirement for sponsorship pursuant to Policy 5.2 of the TSXV Manual and to assist in making all submissions, preparing all press releases and circulars and making all notifications required with respect to this transaction and the issuance of shares as contemplated hereunder;

- (g) take all steps necessary to make proper disclosure within such time as required by any regulatory authority and any other applicable statutes and laws concerning this Agreement and the transactions contemplated herein;
- (h) use its best efforts to maintain its status as a reporting issuer in Alberta and British Columbia;
- (i) put forward the seven (7) nominees of Lakeside as directors of Grasslands at the Grasslands Special Shareholders Meeting, accept the resignations of James W. Ripley and Randy Koroll as officers of Grasslands and appoint Mario Justino, Chris Hazelton and Adam Szweras as officers;
- (j) use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article VI to the extent the same is within its control and take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Amalgamation, including using its reasonable commercial efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
  - (ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws;
  - (iii) effect all necessary registrations and filings and submissions of information requested by governmental entities required to be effected by it in connection with the Amalgamation and participate and appear in any proceedings of either Party before governmental entities in connection with the Amalgamation;
  - (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affect the ability of the Parties to consummate the transactions contemplated hereby;
  - (v) fulfill all conditions and satisfy all provisions of this Agreement;
  - (vi) cooperate with the other Parties to this Agreement in connection with the performance by Grasslands of its obligations hereunder; and
  - (vii) not take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement or that would reasonably be expected to significantly impede the consummation of the Amalgamation;
- (k) not incur any material liabilities of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Grasslands may become liable on or after the Closing Date, except as set out in Grasslands' Financial Statements and except for those public company and transactional costs incurred prior to Closing, which will be disclosed in writing to Lakeside at Closing;
- (l) validly issue the Consideration Shares contemplated hereunder as fully paid and non-assessable Consolidated Shares in the capital of Grasslands, free and clear of all mortgages, liens, charges, security deposits, adverse claims, pledges, encumbrances, options, warrants, rights, privileges and demands whatsoever;
- (m) validly issue the Consideration Warrants, Consideration Compensation Options and Consideration Options and properly reserve for issuance sufficient Consolidated Shares to allow for the full conversion or exercise of the Consideration Warrants, Consideration Compensation Options and Consideration Options;

- (n) to file, duly and timely, all tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency; and
- (o) neither declare nor pay any dividends or other distributions or returns of capital on Pre-Consolidation Grasslands Shares or the Consolidated Shares from the date of this Agreement until the Closing Date without the prior consent of Lakeside.

## 5.2 **Grasslands' Covenant Regarding Non-Solicitation.**

- (a) Grasslands shall not, directly or indirectly, through any officer, director, employee, representative or agent, solicit, initiate, invite or knowingly encourage (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding) the initiation of or participation in, any inquiries or proposals regarding an Acquisition Proposal, provided that nothing contained in this Section 5.2 or other provisions of this Agreement shall prevent the board of directors of Grasslands from considering, negotiating, approving or recommending to its shareholders an agreement in respect of an unsolicited bona fide written Acquisition Proposal: (i) in respect of which the board of directors of Grasslands determines (having consulted outside counsel) that in the exercise of its fiduciary duty it would be necessary for such board of directors to take such action in order to avoid breaching its fiduciary duties; and (ii) in respect of which the board of directors of Grasslands determines in good faith, after consultation with financial advisors, if consummated in accordance with its terms, would result in a transaction more favourable to its shareholders than the transaction contemplated hereby (any such Acquisition Proposal that satisfies clauses (i) and (ii) above being referred to herein as a **"Superior Proposal"**).
- (b) Grasslands shall continue to refrain from participating in any discussions or negotiations with any parties (other than the Parties hereto) with respect to any potential Acquisition Proposal.
- (c) Grasslands shall immediately notify Lakeside (both orally and in writing) of any future Acquisition Proposal of which Grasslands' directors or senior officers become aware of or any amendments to the foregoing or any request for non-public information relating to Grasslands in connection with an Acquisition Proposal or for access to the properties, books or records or for a list of the shareholders by any person or entity that informs Grasslands that it is considering making an Acquisition Proposal. Such notice shall include a copy of all written communications and a description of the material terms and conditions of any proposal and provide such details of the proposal, inquiry or contact as Lakeside may reasonably request, including without limitation, the identity of the person and controlling person, if any, making such proposal, inquiry or contact.
- (d) Grasslands shall not accept, approve, or recommend or enter into any agreement in respect of an Acquisition Proposal on the basis that it constitutes a Superior Proposal unless: (i) it has provided Lakeside with a copy of the Acquisition Proposal document which has been determined to be a Superior Proposal, with such deletions as are necessary to protect confidential portions of such Acquisition Proposal document, provided that the material terms, conditions and the identity of the person and controlling person, if any, making the Acquisition Proposal may not be deleted; and (ii) five (5) Business Days (the **"Notice Period"**) shall have elapsed from the later of the date Lakeside received notice of the determination to accept, approve or recommend an agreement in respect of such Acquisition Proposal and the date Lakeside received a copy of the Acquisition Proposal document. During the Notice Period, Grasslands shall provide a reasonable opportunity to Lakeside to consider, discuss and offer such adjustments to the terms and conditions of this Agreement as would enable the party receiving the Superior Proposal to proceed with its recommendation to security holders with respect to the Acquisition Proposal, provided, however, that any such adjustment shall be at the discretion of the Lakeside Parties. The board of directors of Grasslands will review in good faith any offer made by Lakeside to amend the terms of this

Agreement in order to determine, in the board's discretion, as part of exercising its fiduciary duties, whether the proposed amendments would, upon acceptance, result in such Superior Proposal ceasing to be a Superior Proposal. If the board of directors of Grasslands determines that the Superior Proposal would cease to be a Superior Proposal, it will so advise Lakeside and will accept the offer by Lakeside to amend the terms of this Agreement and the Parties agree to take such actions and execute such documents as are necessary to give effect to the foregoing. Each successive material modification of any Acquisition Proposal or a Superior Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 5.2 and shall require a five (5) Business Day Notice Period from the date such amendment is communicated to the other Party hereto, other than an amendment to improve upon a Superior Proposal in respect of which the other party has been provided with an opportunity to amend the terms of this Agreement and such Superior Proposal has not ceased to be a Superior Proposal prior to the proposed amendment.

5.3 **General Covenants of Lakeside.** Lakeside covenants and agrees that, until Closing or the date on which this Agreement is terminated, and unless otherwise contemplated herein, it shall:

- (a) take all requisite action to:
  - (i) approve this Agreement; and
  - (ii) approve such actions as Grasslands may determine to be necessary or desirable for the purposes hereof;
- (b) in consultation with Grasslands and its counsel, prepare and file the MIC all in accordance with applicable laws;
- (c) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group and to maintain its business relationships;
- (d) use its reasonable commercial efforts to complete the RTO Financing;
- (e) give its consent (and provide such other reasonable assurances as may be required) and use its best efforts to obtain (including the provision of such reasonable assurances as may be required), consents of all other Persons to the transactions contemplated by this Agreement, as may be required pursuant to any statute, law or ordinance or by any governmental or other regulatory authority having jurisdiction;
- (f) upon Lakeside receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, such information shall be promptly disclosed in writing to the solicitors for Grasslands;
- (g) in consultation with Grasslands and its counsel, forthwith use its best efforts to obtain all necessary regulatory approvals and to make application to the TSXV for approval for the RTO and to request the TSXV's waiver of any requirement for sponsorship pursuant to Policy 5.2 of the TSXV Manual and to assist in making all submissions, preparing all press releases and circulars and making all notifications required with respect to this transaction and the issuance of shares as contemplated hereunder;
- (h) take all steps necessary to make proper disclosure within such time as required by any regulatory authority and any other applicable statutes and laws concerning this Agreement and the transactions contemplated herein;
- (i) use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article VI to the extent the same is within its

control and take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Amalgamation, including using its reasonable commercial efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
  - (ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws;
  - (iii) effect all necessary registrations and filings and submissions of information requested by governmental entities required to be effected by it in connection with the Amalgamation and participate and appear in any proceedings of either Party before governmental entities in connection with the Amalgamation;
  - (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affect the ability of the Parties to consummate the transactions contemplated hereby;
  - (v) fulfill all conditions and satisfy all provisions of this Agreement;
  - (vi) cooperate with the other Parties to this Agreement in connection with the performance by Lakeside of its obligations hereunder; and
  - (vii) not take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement or that would reasonably be expected to significantly impede the consummation of the Amalgamation;
- (j) not incur any material liabilities of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Lakeside may become liable on or after the Closing Date, except as set out in Lakeside's Financial Statements and the MIC and except for those costs in the ordinary course of business and transactional costs incurred prior to Closing; and
- (k) to file, duly and timely, all tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency.

#### 5.4 Lakeside's Covenant Regarding Non-Solicitation.

- (a) Lakeside shall not, directly or indirectly, through any officer, director, employee, representative or agent, solicit, initiate, invite or knowingly encourage (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding) the initiation of or participation in any inquiries or proposals regarding an Acquisition Proposal, provided that nothing contained in this Section 5.4 or other provisions of this Agreement shall prevent the board of directors of Lakeside from considering, negotiating, approving or recommending to its shareholders an agreement in respect of an unsolicited bona fide written Acquisition Proposal: (i) in respect of which the board of directors of Lakeside determines (having consulted outside counsel) that in the exercise of its fiduciary duty it would be necessary for such board of directors to take such action in order to avoid breaching its fiduciary duties; and (ii) in respect of which the board of directors of Lakeside determines in good faith, after consultation with financial advisors, if consummated in accordance with its terms, would result in a transaction more favourable to its shareholders than the transaction contemplated hereby (any such Acquisition Proposal that satisfies clauses (i) and (ii) above being referred to herein as a "**Superior Acquisition Proposal**").

- (b) Lakeside shall continue to refrain from participating in any discussions or negotiations with any parties (other than the Parties hereto) with respect to any potential Acquisition Proposal.
- (c) Lakeside shall immediately notify Grasslands (both orally and in writing) of any future Acquisition Proposal of which Lakeside's directors or senior officers become aware of or any amendments to the foregoing or any request for non-public information relating to Lakeside in connection with an Acquisition Proposal or for access to the properties, books or records or for a list of the shareholders by any person or entity that informs Lakeside that it is considering making an Acquisition Proposal. Such notice shall include a copy of all written communications and a description of the material terms and conditions of any proposal and provide such details of the proposal, inquiry or contact as Grasslands may reasonably request, including without limitation, the identity of the person and controlling person, if any, making such proposal, inquiry or contact.
- (d) Lakeside shall not accept, approve, or recommend or enter into any agreement in respect of a Acquisition Proposal on the basis that it constitutes a Superior Acquisition Proposal unless: (i) it has provided Grasslands with a copy of the Acquisition Proposal document which has been determined to be a Superior Acquisition Proposal, with such deletions as are necessary to protect confidential portions of such Acquisition Proposal document, provided that the material terms, conditions and the identity of the person and controlling person, if any, making the Acquisition Proposal may not be deleted; and (ii) five (5) Business Days (the "Notice Period") shall have elapsed from the later of the date Grasslands received notice of the determination to accept, approve or recommend an agreement in respect of such Acquisition Proposal and the date Grasslands received a copy of the Acquisition Proposal document. During the Notice Period, Lakeside shall provide a reasonable opportunity to Grasslands to consider, discuss and offer such adjustments to the terms and conditions of this Agreement as would enable the party receiving the Superior Acquisition Proposal to proceed with its recommendation to security holders with respect to the Acquisition Proposal, provided, however, that any such adjustment shall be at the discretion of the parties. The board of directors of Lakeside will review in good faith any offer made by Grasslands to amend the terms of this Agreement in order to determine, in the board's discretion, as part of exercising its fiduciary duties, whether the proposed amendments would, upon acceptance, result in such Superior Acquisition Proposal ceasing to be a Superior Acquisition Proposal. If the board of directors of Lakeside determines that the Superior Acquisition Proposal would cease to be a Superior Acquisition Proposal, it will so advise Grasslands and will accept the offer by Grasslands to amend the terms of this Agreement and the Parties agree to take such actions and execute such documents as are necessary to give effect to the foregoing. Each successive material modification of any Acquisition Proposal or a Superior Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 5.4 and shall require a five (5) Business Day Notice Period from the date such amendment is communicated to the other Party hereto, other than an amendment to improve upon a Superior Acquisition Proposal in respect of which the other party has been provided with an opportunity to amend the terms of this Agreement and such Superior Acquisition Proposal has not ceased to be a Superior Acquisition Proposal prior to the proposed amendment.

## ARTICLE VI CONDITIONS TO CLOSING

6.1 **Conditions Precedent to Obligations of Lakeside.** The obligations of Lakeside to complete the transactions contemplated hereunder shall be subject to the satisfaction of, or compliance with, at or before the Closing Date, each of the following conditions precedent (each of which is hereby acknowledged to be for the exclusive benefit of Lakeside and may be waived by Lakeside in whole or in part on or before the Closing Date):

- (a) Grasslands will have received the TSXV's waiver of any requirement for sponsorship pursuant to Policy 5.2 of the TSXV Manual, or, if waiver is not available, a sponsor for the Acquisition shall have conducted due diligence and filed with the TSXV a sponsorship report satisfactory to the TSXV;

- (b) Grasslands obtaining all requisite consents, acceptances and regulatory approvals, including without limitation, the approval of the TSXV such that the transaction proposed herein will constitute a RTO, as such term is defined in Policy 5.2 of the TSXV Manual. Grasslands shall actively pursue and use its reasonable best efforts to obtain such requisite regulatory approvals as soon as reasonably possible following satisfaction or waiver of the condition set out in paragraph (a) above;
- (c) Grasslands Shareholders shall have approved: (i) the Share Consolidation; (ii) the Continuance; and (iii) a change in Grasslands' name to "Lakeside Minerals Inc." or such other name as the board of directors of the Resulting Issuer may decide;
- (d) the Share Consolidation, the Continuance and the name change shall have become effective immediately prior to Closing;
- (e) all of the representations and warranties of Grasslands made in or pursuant to this Agreement shall be true and correct in all material respects as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby that are not materially adverse and arise in the ordinary course of business) and Lakeside shall have received certificates dated as at the Closing Date in form satisfactory to Lakeside and their solicitors, acting reasonably, signed by a senior officer or director of Grasslands on behalf of Grasslands, certifying the truth and correctness in all material respects of the representations and warranties of Grasslands set out in this Agreement;
- (f) Grasslands will have performed and complied with all terms, covenants and conditions required by this Agreement to be performed or complied with by it on or before the Closing Date;
- (g) at the Closing Date, there shall have been no material adverse change in the business affairs, condition (financial or otherwise), properties, assets, liabilities, earnings, or business operations or prospects of Grasslands from that shown on or reflected in Grasslands' Financial Statements;
- (h) Grasslands and Grasslands Sub shall deliver to Lakeside at Closing a favourable opinion of their solicitors (it being understood that such counsel may rely, to the extent appropriate in the circumstances, as to matters of fact on a certificate(s) of a senior officer of Grasslands and Grasslands Sub and on a certificate(s) of the Transfer Agent) in form satisfactory to the solicitors for Lakeside acting reasonably, that:
  - (i) Grasslands and Grasslands Sub are corporations duly continued or incorporated and validly existing under the laws of the Province of Ontario;
  - (ii) all necessary corporate actions and proceedings have been taken by Grasslands to approve the transactions contemplated by this Agreement and to permit the due and valid issuance by Grasslands of the Consideration Shares, Consideration Warrants, Consideration Compensation Options and the Consideration Options at the Closing Date, and upon the completion of the transactions contemplated hereunder such Consideration Shares will be issued and outstanding as fully paid and non-assessable;
  - (iii) the consummation of the transactions contemplated by this Agreement will not result in a breach of any term or provision of or constitute a default under the constating documents, by-laws or resolutions of Grasslands or Grasslands Sub, nor to the best knowledge of such counsel, any indenture, agreement, instrument, licence, permit or understanding to which Grasslands or Grasslands Sub is a party or by which either of them is bound, nor, to the best knowledge of such counsel, will the consummation of such transactions accelerate any commitment or obligation of Grasslands or Grasslands Sub or result in the

creation of any lien or encumbrance upon any of the assets or property of Grasslands or Grasslands Sub;

- (iv) the execution and delivery of this Agreement by Grasslands and Grasslands Sub has not breached and the consummation of the transactions contemplated by this Agreement will not cause Grasslands or Grasslands Sub to be in breach of laws of the jurisdictions in which they were formed and of Canada applicable therein;
  - (v) except as disclosed in this Agreement, neither Grasslands nor Grasslands Sub has any outstanding options, convertible securities, warrants or other convertible obligations, agreements or other commitments to allot, reserve, set aside, create, issue or sell any securities or any of its unissued share capital;
  - (vi) each of Grasslands and Grasslands Sub has the full power and authority to enter into and perform its obligations under this Agreement and all corporate action necessary to authorize the performance by Grasslands and Grasslands Sub, (including the approval of the Amalgamation by the shareholder of Grasslands Sub by special resolution), of each of their respective obligations under this Agreement has been duly taken and the Agreement is a legal, valid and binding obligation of Grasslands and Grasslands Sub enforceable against each of them respectively, in accordance with its terms, subject to usual qualifications respecting equitable remedies and creditors' rights;
  - (vii) immediately prior to Closing, the authorized capital of Grasslands consists of an unlimited number of Class A voting common shares of which immediately prior to the Share Consolidation and issuance of the Consolidation Shares, 16,997,696 Pre-Consolidation Grasslands Shares have been duly issued and are currently outstanding as fully paid and non-assessable shares of Grasslands. The authorized capital of Grasslands Sub consists of an unlimited number of common shares of which one (1) common share of Grasslands Sub has been duly issued and is currently outstanding;
  - (viii) the distribution of the Consideration Shares, the Consideration Options, the Consideration Compensation Options, the Consideration Warrants and the Consolidated Shares underlying the Consideration Options, the Consideration Compensation Options, the Consideration Warrants and the Consideration Compensation Options' warrants, to the shareholders of Lakeside or the holders of such securities, as the case may be, is exempt from the registration and prospectus requirements of the Securities Acts, as applicable;
  - (ix) the customary first trade opinion for the Consideration Shares and the shares underlying the securities referred to in item (viii) above;
  - (x) Grasslands is a reporting issuer not in default of any of the requirements of the securities laws in the Provinces of Alberta or British Columbia (as applicable) as at the Closing Date;
  - (xi) the Transfer Agent has been duly appointed as transfer agent and registrar of the Resulting Issuer; and
  - (xii) such other matters as counsel for Lakeside may consider advisable, acting reasonably;
- (i) all consents, approvals, orders and authorizations of any Persons or governmental authorities in Canada or elsewhere (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Grasslands in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Closing Date;



- (j) Grasslands shall be a reporting issuer in good standing in the provinces of Alberta, British Columbia and Ontario and neither Grasslands nor its shares shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;
- (k) no more than 16,997,696 Pre-Consolidation Grasslands Shares will be issued and outstanding in the capital of Grasslands;
- (l) Grasslands shall have received the resignations of, *inter alia*, James W. Ripley and Randy Koroll as officers of Grasslands, Grasslands Sub and/or Grasslands JVco, and the directors and officers of Amalco and Grasslands as listed in Sections 2.7 and 2.8 shall have been elected or appointed;
- (m) Grasslands shall deliver, or cause to be delivered to Lakeside on or before the Closing Date such other certificates, agreements or other documents as may reasonably be required by Lakeside or its solicitors, acting reasonably, to give full effect to this Agreement including, but not limited to, releases executed by each director and officer of Grasslands;
- (n) at or prior to Closing, Grasslands shall have filed all tax returns required to be filed by Grasslands, Grasslands Sub and Grassland JVco prior to the date hereof in all applicable jurisdictions and shall have paid, collected and remitted all taxes, customs duties, tax installments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by them at such time. All such tax returns shall properly reflect, and shall not in any respect understate the income, taxable income or the liability for taxes of Grasslands, Grasslands Sub and Grasslands JVco in the relevant period and the liability for the collection, payment and remittance of tax under applicable Tax Laws; and
- (o) upon Closing, Grasslands shall have withheld and remitted all amounts required to be withheld and remitted by Grasslands, Grasslands Sub and Grasslands JVco in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including three (3) and nine (9) month periods ended March 31, 2011 and 2010.

**6.2 Conditions Precedent to Obligations of Grasslands.** The obligation of Grasslands to complete the transactions contemplated hereunder shall be subject to the satisfaction of or compliance with, at or before the Closing Date, each of the following conditions precedent (each of which is hereby acknowledged to be for the exclusive benefit of Grasslands and may be waived by Grasslands in writing, in whole or in part, on or before the Closing Date):

- (a) the RTO Financing shall have been completed immediately prior to the Amalgamation with the Minimum Offering having been completed or such other amount as otherwise required to meet the minimum listing requirements of TSXV;
- (b) Grasslands shall on or before the Closing Date have received from Lakeside all other documents and instruments as Grasslands may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of this Agreement;
- (c) the representations, warranties and covenants of Lakeside made in or pursuant to this Agreement shall be true and correct in all material respects as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby that are not materially adverse and arise in the ordinary course of business) and Grasslands shall have received a certificate of Lakeside dated as at the Closing Date in form satisfactory to Grasslands' solicitors, acting reasonably certifying the truth and correctness in all material respects of the representations, warranties and covenants of Lakeside set out in this Agreement;
- (d) Lakeside shall have performed and complied with all agreements and conditions required by this Agreement to be performed and complied with by it prior to or on the Closing Date;

- (e) at the Closing Date, there shall have been no material adverse change in the business affairs, condition (financial or otherwise), properties, assets, liabilities, earnings, or business operations or prospects of Lakeside from that shown on or reflected in Lakeside's Financial Statements;
- (f) Lakeside shall deliver to Grasslands at Closing a favourable opinion of its solicitors (it being understood that such counsel may rely, to the extent appropriate in the circumstances, as to matters of fact on a certificate(s) of a senior officer of Lakeside), in form satisfactory to the solicitors for Grasslands acting reasonably, that:
  - (i) Lakeside is a corporation validly existing under the laws of the Province of Ontario;
  - (ii) all necessary corporate actions and proceedings have been taken by Lakeside to effect the completion of the transactions contemplated hereunder, including, without limitation, the approval of the Amalgamation by special resolution of the shareholders of Lakeside;
  - (iii) the consummation of the transactions contemplated by this Agreement will not result in a breach of any term or provision of or constitute a default under the constating documents, by-laws or resolutions of Lakeside, nor to the best knowledge of such counsel, any indenture, agreement, instrument, licence, permit or understanding to which Lakeside is a party or by which it is bound, nor, to the best knowledge of such counsel, will the consummation of such transactions accelerate any commitment or obligation of Lakeside or result in the creation of any lien or encumbrance upon any of the assets or property of Lakeside;
  - (iv) the execution and delivery of this Agreement by Lakeside has not breached and the consummation of the transactions contemplated by this Agreement will not cause Lakeside to be in breach of laws of the Province of Ontario and of Canada applicable therein;
  - (v) except as disclosed herein, Lakeside has outstanding no options, convertible securities, warrants or other convertible obligations, agreements or other commitments to allot, reserve, set aside, create, issue or sell any securities or any of its unissued share capital;
  - (vi) Lakeside has the full power and authority to enter into and perform its obligations under this Agreement and all corporate action necessary to authorize the performance by Lakeside of its obligations under this Agreement has been duly taken and the Agreement is a legal, valid and binding obligation of Lakeside, enforceable against it in accordance with its terms, subject to usual qualifications respecting equitable remedies and creditors' rights;
  - (vii) immediately prior to Closing, the issued and outstanding share capital of Lakeside, issued as fully paid and non-assessable shares of Lakeside; and
  - (viii) such other matters as counsel for Grasslands may consider advisable, acting reasonably.
- (g) all consents, approvals, orders and authorizations of any Persons (including without limiting the generality of the foregoing the approval of the Lakeside Shareholders to the Amalgamation by special resolution) or governmental authorities in Canada or elsewhere (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Lakeside in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Closing Date; and

- (h) Lakeside shall deliver, or cause to be delivered to Grasslands on or before the Closing Date such other certificates, agreements or other documents as may reasonably be required by Grasslands or its solicitors, acting reasonably, to give full effect to this Agreement.

### **6.3 Effect of Conditions**

- (a) The conditions contained in Section 6.1 hereof are inserted for the exclusive benefit of Lakeside and may be waived in whole or in part by Lakeside at any time. Grasslands and Grasslands Sub acknowledge that the waiver by Lakeside of any condition or any part of any condition shall constitute a waiver only of such condition or such part of such condition as the case may be and shall not constitute a waiver of any covenant, agreement, representation or warranty made by Grasslands or Grasslands Sub herein that corresponds or is related to such condition or such part of such condition, as the case may be. If any of the conditions contained in Section 6.1 hereof are not fulfilled or complied with as herein provided, Lakeside may terminate this Agreement by notice in writing to Grasslands and Grasslands Sub and in such event, Lakeside shall be released from all obligations hereunder and unless the condition or conditions which have not been fulfilled are reasonably capable of being fulfilled or caused to be fulfilled by Grasslands or Grasslands Sub, then Grasslands and Grasslands Sub shall also be released from all obligations hereunder.
- (b) The conditions contained in Section 6.2 hereof are inserted for the exclusive benefit of Grasslands and Grasslands Sub and may be waived in whole or in part by Grasslands and Grasslands Sub at any time. Lakeside acknowledges that the waiver by Grasslands and Grasslands Sub of any condition or any part of any condition shall constitute a waiver only of such condition or such part of such condition as the case may be and shall not constitute a waiver of any covenant, agreement, representation or warranty made by Lakeside herein that corresponds or is related to such condition or such part of such condition, as the case may be. If any of the conditions contained in Section 6.1 hereof are not fulfilled or complied with as herein provided, Grasslands and Grasslands Sub may terminate this Agreement by notice in writing to Lakeside and in such event, Grasslands and Grasslands Sub shall be released from all obligations hereunder and unless the condition or conditions which have not been fulfilled are reasonably capable of being fulfilled or caused to be fulfilled by Lakeside, then Lakeside shall also be released from all obligations hereunder.
- (c) The Parties intend to complete the Acquisition within 10 Business Days of the earlier of (i) the satisfaction or waiver of the last outstanding condition set forth in this Article VI and (ii) the TSXV having provided its approval of the Acquisition and all transactions related thereto.

## **ARTICLE VII GENERAL**

7.1 **Confidentiality & Public Notices.** Except where compliance with this Section 7.1 would result in a breach of applicable law, notices, releases, statements and communications to Third Parties, including employees of the Parties and the press, relating to transactions contemplated by this Agreement will be made only in such manner as shall be authorized and approved by Lakeside, who, when required, shall use its best efforts to provide such authorization and approval to Grasslands in a timely manner as shall permit compliance by Grasslands with all continuous disclosure to any regulatory authority or obligations under any applicable securities regulations. Grasslands and Lakeside shall maintain the confidentiality of any information received from each other in connection with the transactions contemplated by this Agreement. In the event that the issuance of the Consideration Shares, Consideration Warrants, Consideration Compensation Options or Consideration Options provided for in this Agreement is not consummated, each Party shall return any confidential schedules, documents or other written information to the party who provided same in connection with this Agreement. Lakeside agrees that it will not, directly or indirectly, make reciprocal use for its own purposes of any information or confidential data relating to Grasslands or Grasslands' Business discovered or acquired by it, its representatives or accountants as a result of Grasslands making available to it, its representatives and accountants, any information, books, accounts, records or other data and information relating to Grasslands or Grasslands' Business and Lakeside agrees that it will not disclose, divulge or communicate orally, in writing or otherwise (directly or indirectly), any such information or

confidential data so discovered or acquired by any other Person. Grasslands agrees that it will not, directly or indirectly, make reciprocal use for its own purposes of any information or confidential data relating to Lakeside discovered or acquired by it, its representatives or accountants as a result of Lakeside making available to it any information, books, accounts, records or other data and information relating to Lakeside and Grasslands agrees that it will not disclose, divulge or communicate orally, in writing or otherwise, any such information or confidential data so discovered or acquired to any other Person.

7.2 **Notices.** All notices or other communications required to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by transmittal by fax or other form of recorded communication addressed to the recipient as follows:

**To Grasslands and Grasslands Sub:**

201, 619 – 11<sup>th</sup> Avenue SE  
Calgary, Alberta  
T2G 0Y8

Attention: James Ripley  
Fax: (403) 209-0002

**with a copy to (such copy shall not constitute notice):**

Weir Foulds LLP  
1600-130 King Street West  
PO Box 480  
Toronto, Ontario  
M5X 1J5

Attention: Michael Dolphin  
Fax: (416) 365-1876

**To Lakeside:**

95 Wellington Street West  
Suite 1200, Toronto-Dominion Centre  
Toronto, Ontario M5J 2Z9

Attention: Adam Szweras, Secretary  
Fax.: (416) 941-8852

**with a copy to (such copy shall not constitute notice):**

Fogler, Rubinoff LLP  
95 Wellington Street West  
Suite 1200, Toronto-Dominion Centre  
Toronto, Ontario M5J 2Z9

Attention: Lori Prokopich  
Fax: (416) 941-8852

or to such other address, fax number or individual as may be designated by notice given by either Party to the other. Any such communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth (5<sup>th</sup>) Business Day following the deposit thereof in the mail and, if given by fax or other form of recorded communication, shall be deemed given and received on the date of such transmission if received during the normal business hours of the recipient and on the next Business Day

if it is received after the end of such normal business hours on the date of its transmission. If the Party giving any such communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such communication shall not be mailed but shall be given by personal delivery or by fax transmittal.

7.3 **Expenses.** Except as otherwise provided herein, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

7.4 **Time of the Essence.** Time shall be of the essence hereof.

7.5 **Further Assurances.** The Parties hereto shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each Party shall execute and deliver such further documents, instruments, papers and information as may be reasonably requested by another Party hereto in order to carry out the purpose and intent of this Agreement.

7.6 **Law and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Parties hereby attorn to the exclusive jurisdiction of the Courts of Ontario in any dispute that may arise hereunder.

7.7 **Counterparts.** For the convenience of the Parties, this Agreement may be executed in several counterparts, each of which when so executed shall be, and be deemed to be, an original instrument and such counterparts together shall constitute one and the same instrument (and notwithstanding their date of execution shall be deemed to be dated as of the date of this Agreement). A signed facsimile or electronic copy of this Agreement shall be effective and valid proof of execution and delivery.

7.8 **Entire Agreement.** This Agreement, including the Schedules attached hereto, together with the agreements and other documents to be delivered pursuant hereto, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, including without limiting the generality of the foregoing the Letter Agreement, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth herein and therein. This Agreement may not be amended or modified in any respect except by written instrument signed by all Parties.

7.9 **Severability.** The invalidity or unenforceability of any provision of this Agreement or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant hereof or herein contained, and this Agreement shall be construed as if such invalid or unenforceable provision or covenant were omitted.

7.10 **Enurement.** This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the successors and permitted assigns of the Parties hereto.

7.11 **Waivers.** The Parties hereto may, by written agreement:

- (i) extend the time for the performance of any of the obligations or other acts of the Parties hereto;
- (ii) waive any inaccuracies in the warranties, representations, covenants or other undertakings contained in this Agreement or in any document or certificate delivered pursuant to this Agreement; or
- (iii) waive compliance with or modify any of the warranties, representations, covenants or other undertakings or obligations contained in this Agreement and waive or modify performance by any of the Parties hereto.

7.12 **Form of Documents.** All documents to be executed and delivered by Grasslands and Grasslands Sub to Lakeside on the Closing Date shall be in form and substance satisfactory to Lakeside acting reasonably. All documents to be executed and delivered by Lakeside to Grasslands on the Closing Date shall be in a form and substance satisfactory to Grasslands, acting reasonably.

7.13 **Construction Clause.** This Agreement has been negotiated and approved by counsel on behalf of all Parties hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty will not be construed against any Party hereto by reason of the authorship of any of the provisions hereof.

**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement as of the date first written above.

**GRASSLANDS ENTERTAINMENT INC.**

*"James Ripley"*

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Name: James Ripley  
Title: President

I have authority to bind the corporation.

**2299990 ONTARIO LIMITED**

*"James Ripley"*

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Name: James Ripley  
Title: President

I have authority to bind the corporation.

**LAKESIDE MINERALS CORP.**

*"Mario Justino"*

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Name: Mario Justino  
Title: President

I have authority to bind the corporation.

**Schedule "A"**  
**Lakeside Convertible Securities**

	NUMBER OF COMMON SHARES	EXERCISE PRICES	EXPIRY DATE
<b><u>Stock Options</u></b>	1,400,000	\$0.20	December 16, 2015
	200,000	\$0.20	February 3, 2016
	300,000	\$0.20	March 23, 2016
	200,000	\$0.40	June 22, 2016
	200,000	\$0.20	June 13, 2016
<b><u>Total Stock Options</u></b>	<b>2,300,000</b>		
<b><u>Warrants</u></b>	1,382,500	\$0.20	earlier of December 29, 2015 or 24 months from the date of completion of a going public transaction
	2,025,000	\$0.20	earlier of April 4, 2016 or 24 months from the date of completion of a going public transaction
	637,000	\$0.30	earlier of August 12, 2016 or 24 months from the date of completion of a going public transaction, subject to acceleration in certain circumstances
	481,833	\$0.30	earlier of September 28, 2016 or 24 months from the date of completion of a going public transaction, subject to acceleration in certain circumstances.
<b><u>Total Warrants</u></b>	<b>4,526,333</b>		
<b><u>Agent Compensation Options</u></b>			
	179,013 Compensation Options to acquire, at an exercise price of \$0.15, an equivalent number of Common Shares and 89,507 Warrants (with each such warrant entitling the holder to purchase one Common Share at an exercise price of \$0.30)		earlier of 60 months from the date of issue or 24 months from the date of completion of a going public transaction, subject to acceleration in certain circumstances





**SCHEDULE "E"**  
**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**  
**GRASSLANDS ENTERTAINMENT INC.**

## **GRASSLANDS ENTERTAINMENT INC.**

### **TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

#### **1. PURPOSE**

The primary function of the Audit Committee (the "Committee") is to assist the board of directors ("Board") in fulfilling its oversight responsibilities by reviewing:

- (a) the financial information that will be provided to the shareholders and regulatory bodies;
- (b) the systems of internal controls, management and the Board have established; and
- (c) all external audit and review processes.

Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is reviewed by the Board.

#### **2. COMPOSITION AND OPERATIONS**

- (a) The Committee shall be composed of not fewer than three directors a majority of whom must be independent as defined in Section 1.4 of Multilateral Instrument 52-110 Audit Committees ("MI 52-110") (attached hereto as Appendix "A").
- (b) All Committee members shall be "financially literate".
- (c) The Corporation's auditors shall be advised of the names of the committee members and will receive notice of and be invited to attend meetings of the Audit Committee, and to be heard at those meetings on matters relating to the Auditor's duties.
- (d) The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.
- (e) The Committee shall meet at least once (by person or by teleconference) in each fiscal quarter to review the Corporation's quarterly financial statements for the immediately preceding fiscal quarter and to review and recommend approval by the full Board of the annual financial statements for the immediately preceding fiscal year.

#### **3. DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Committee will perform the following duties:

- (a) Financial Statements and Other Financial Information

The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes:

- (i) review and recommend approval of the Corporation's annual financial statements and managements' discussion and analysis in respect thereof ("MD&A") and report to the Board before the statements are approved by the Board;

- (ii) review and approve for release the Corporation's quarterly financial statements, MD&A and press release; and
- (iii) review the Annual Information Form and any prospectus or a private placement offering document.

Review and discuss:

- (iv) the appropriateness of accounting policies and financial reporting practices used by the Corporation;
- (v) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation; and
- (vi) any new or pending developments in accounting and reporting standards that may affect the Corporation.

Be satisfied that:

- (vii) adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure previously referred to, and periodically assess the adequacy of those procedures.

(b) Risk Management, Internal Control and Information Systems

The Audit Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

- (i) review the Corporation's risk management controls and policies;
- (ii) review and recommend to the Board the compensation of the external auditor;
- (iii) consider whether the information systems appears to be reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management and external auditor; and
- (iv) review management steps to implement and maintain appropriate internal control procedures including a review of policies.

(c) External Audit and Review

The Committee will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

- (i) review and recommend to the Board, for shareholder approval, engagement of the external auditor;
- (ii) review and recommend to the Board the compensation of the external auditor;
- (iii) review the annual external audit plan, including:
  - A. engagement letter

- B. objectives and scope of the external audit work;
  - C. procedures for quarterly review, if any, of financial statements;
  - D. materiality;
  - E. areas of audit risk;
  - F. staffing;
  - G. timetable; and
  - H. proposed fees.
- (iv) meet with the external auditor to discuss the Corporation's annual financial statements and MD&A and the auditor's report including the appropriateness of accounting policies and underlying estimates and resolve any disagreements between management and the external auditors regarding financial reporting;
- (v) review and advise the Board with respect to the planning, conduct and reporting of the annual audit, including:
- A. any difficulties encountered, or restrictions imposed by management, during the annual audit;
  - B. any significant accounting or financial reporting issue;
  - C. if completed, the auditor's evaluation of the Corporation's system of internal controls, procedures and documentation or parts thereof;
  - D. the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
  - E. any other matters the external auditor brings to the Committee's attention; and
  - F. assess the performance and consider the annual appointment of the external auditor for recommendation to the Board.
- (vi) review the auditor's report, if any, on all material subsidiaries;
- (vii) review and receive assurances on the independence of the external auditor;
- (viii) review and pre-approve all non-audit services to be provided by the external auditor's firm or its affiliates (including estimated fees), and consider the effect on the independence of the external audit; and
- (ix) meet periodically, and at least annually, with the external auditor without management present.
- (d) Other

The Committee will also:

- (i) review insurance coverage of significant business risks and uncertainties;

- (ii) review policies and procedures for the review and approval of officers' expenses and perquisites;
- (iii) review the terms of reference for the Committee annually and make recommendations to the Board as required; and
- (iv) establish policies for:
  - A. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - B. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
- (v) review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.

#### **4. ACCOUNTABILITY**

- (a) The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial matters relative to the Corporation.
- (b) The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

#### **5. COMMITTEE TIMETABLE**

A proposed timetable of the Committee meetings shall be prepared at the beginning of each fiscal year.

#### **6. RELIANCE ON EXPERTS**

In contributing to the Committees' discharging of its duties under this mandate, each member shall be entitled to rely in good faith on:

- (a) financial statements of the Corporation represented to the member by an officer of the Corporation, or in a written report of the external auditors, to present fairly the financial position of the Corporation and the results of its operations in accordance with generally accepted accounting principles; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot be reasonably met unless the following activities (the "Fundamental Activities") are, in all material respects, conducted effectively:

- (a) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions;
- (b) the internal financial controls are regularly assessed for effectiveness and efficiency;

- (c) the Corporation's quarterly and annual financial statements and MD&A are properly prepared by management in accordance with generally accepted accounting principles; and
- (d) such financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

## **7. LIMITATION OF COMMITTEE'S DUTIES**

In contributing to the Committee's discharging of its duties under these terms of reference, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these terms of reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to endeavour to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to Board.

## **APPENDIX "A"**

### **MULTILATERAL INSTRUMENT 52-110**

#### **AUDIT COMMITTEES - SECTION 1.4**

##### **Meaning of Independence**

1. A member of an audit committee is independent if the member has no direct or indirect material relationship with the issuer.
2. For the purposes of paragraph 1, a material relationship means a relationship which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of a member's independent judgement.
3. Despite paragraph 2, the following persons are considered to have a material relationship with an issuer:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;
  - (c) an individual who:
    - i. is a partner of a firm that is the Corporation's internal or external auditor,
    - ii. is an employee of that firm, or
    - iii. was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit within that time.
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - i. is a partner of a firm that is the Corporation's internal or external auditor,
    - ii. is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
    - iii. was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee; and
  - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any 12 month period within the last three years.



4. Despite paragraph 3, an individual will not be considered to have a material relationship with the Corporation solely because:
  - (a) he or she had a relationship identified in paragraph 3 if that relationship ended before March 30, 2004; or
  - (b) he or she had a relationship identified in paragraph 3 by virtue of paragraph 8 if that relationship ended before June 30, 2005.
5. For the purposes of subsections 3(c) and 3(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
6. For the purposes of subsection 3(f), direct compensation does not include:
  - (a) remuneration for acting as a member of the board of directors or of any board committee of the Corporation, and
  - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.
7. Despite paragraph 3, an individual will not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member
  - (a) has previously acted as an interim chief executive officer of the Corporation, or
  - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Corporation on a part-time basis.
8. For the purpose of paragraphs 1 to 7, a Corporation includes a subsidiary entity of the Corporation and a parent of the Corporation.
9. Despite any determination made under paragraphs 1 to 8, an individual who
  - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
  - (b) is an affiliated entity of the Corporation or any of its subsidiary entities, is considered to have a material relationship with the Corporation.
10. For the purposes of paragraph 9, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
  - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
  - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and

which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.

11. For the purposes of paragraph 9, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

**SCHEDULE "F"**  
**FINANCIAL STATEMENTS OF GRASSLANDS ENTERTAINMENT INC.**

## **Auditors' Report**

### **To the Shareholders of Grasslands Entertainment Inc.**

We have audited the consolidated balance sheets of Grasslands Entertainment Inc. as at June 30, 2008 and 2007 and the consolidated statements of comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**Vancouver, Canada  
October 9, 2008**

*MacKay* LLP  
**Chartered Accountants**

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**Grasslands Entertainment Inc.**

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**Consolidated Statements of Comprehensive Loss and Deficit**

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<b>For the years ended June 30,</b>	<b>2008</b>	<b>2007</b>
<b>Revenue</b>		
Television production	\$ 547,166	\$ 762,689
Contract editing and commercial production	193,872	73,215
	<b>741,038</b>	<b>835,904</b>
<b>Expenses</b>		
Amortization of investment in television programs	573,675	864,463
Amortization of property and equipment	16,300	22,790
General and administrative	291,779	111,791
Other production costs	123,807	15,844
Stock-based compensation	3,828	3,828
	<b>1,009,389</b>	<b>1,018,716</b>
<b>(Loss) before other expense and income taxes</b>	<b>(268,351)</b>	<b>(182,812)</b>
<b>Foreign exchange gain (loss)</b>	<b>(159)</b>	<b>1,391</b>
<b>(Loss) before income taxes</b>	<b>(268,510)</b>	<b>(181,421)</b>
<b>Income taxes - future</b>	<b>-</b>	<b>124,187</b>
<b>Net and comprehensive (loss) for the year</b>	<b>(268,510)</b>	<b>(305,608)</b>
<b>Deficit, beginning of year</b>	<b>(492,736)</b>	<b>(187,128)</b>
<b>Deficit, end of year</b>	<b>\$ (761,246)</b>	<b>\$ (492,736)</b>
<b>Basic and diluted (loss) per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>

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**Grasslands Entertainment Inc.****Consolidated Balance Sheets**

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<b>June 30,</b>	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 372,842	\$ 58,905
Accounts receivable	3,425	240,113
Government assistance receivable (note 3)	170,657	444,212
Work-in-progress, deposits and prepaid expenses	10,589	33,667
	<b>557,513</b>	<b>776,897</b>
Property and equipment (note 2)	38,869	55,169
Investment in television programs (note 5)	34,238	515,448
	<b>\$ 630,620</b>	<b>\$ 1,347,514</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 23,354	\$ 147,620
Deferred revenue	-	327,946
	<b>23,354</b>	<b>475,566</b>
<b>Share Capital and Deficit</b>		
Share capital (note 6)	1,356,071	1,356,071
Contributed surplus (note 6)	12,441	8,613
Deficit	(761,246)	(492,736)
	<b>607,266</b>	<b>871,948</b>
	<b>\$ 630,620</b>	<b>\$ 1,347,514</b>

Approved by the Directors:

Signed by: "Jim Ripley", Director

Signed by: "Ned Studer", Director

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**Grasslands Entertainment Inc.****Consolidated Statements of Cash Flows**

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<b>For the years ended June 30,</b>	<b>2008</b>	<b>2007</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Loss) for the year	\$ (268,510)	\$ (305,608)
Items not involving cash		
Amortization of investment in television programs	573,675	864,463
Amortization of property and equipment	16,300	22,790
Future income taxes	-	124,187
Stock-based compensation	3,828	3,828
Change in non-cash working capital		
Accounts receivable	236,688	(162,860)
Government assistance receivable	273,555	(241,037)
Work-in-progress, deposits and prepaid expenses	23,078	(17,676)
Accounts payable and accrued liabilities	(124,266)	12,343
Deferred revenue	(327,946)	303,971
	<b>406,402</b>	<b>604,401</b>
<b>Investing activities</b>		
Acquisition of property and equipment	-	(8,115)
Production costs, net of government assistance	(92,465)	(925,601)
Accounts payable and accrued liabilities in production costs	-	78,997
	<b>(92,465)</b>	<b>(854,719)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>313,937</b>	<b>(250,318)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>58,905</b>	<b>309,223</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 372,842</b>	<b>\$ 58,905</b>
<b>Supplemental cash flow information</b>		
Interest paid	\$ -	\$ 1,091
Income taxes paid	\$ -	\$ -
<b>Cash and cash equivalents consisted of:</b>		
Cash on hand	\$ 70,754	\$ 58,905
Term deposits – GIC	\$ 302,088	\$ -

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## **Grasslands Entertainment Inc.**

### **Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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#### **1. Basis of Presentation**

Grasslands Entertainment Inc. (the "Company" or "Grasslands") is a public Company listed on the TSX Venture Exchange. Prior to October 1, 2007 Company's main business was in creating, developing, producing and marketing television broadcast entertainment content. Subsequent to that date the Company has primarily been involved in seeking strategic alternatives to maximize share value.

The consolidated financial statements of the Company are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern depends on its ability to successfully raise additional financing, acquire an active business interest and/or other asset, and ultimately to achieve profitable operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might arise from this uncertainty.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

##### **(a) Principles of consolidation**

The consolidated financial statements include the assets, liabilities and results of operations, after elimination of inter-company transactions and balances of the Company, and its wholly owned subsidiary 1183290 Alberta Inc. and that subsidiary's 50% interest in GR2 Productions, a joint venture established to develop and produce the initial year of the Eat, Shrink & Be Merry series for television.

##### **(b) Cash equivalents**

The Company considers all highly liquid investments, with an insignificant risk of change in value, purchased with an original maturity of three months or less to be cash equivalents. The cash equivalents held by the Company at year-end are 30-day term deposits, bearing interest at 1.75% per annum.

##### **(c) Revenue recognition**

Revenue from television program production consists primarily of license fees for the right to broadcast television programs in specified geographic markets and over limited periods of time. Revenue is recognized in the period in which it is earned, which generally coincides with the period that the production has been completed and the contractual delivery arrangements have been met. Payments received or advances or other amounts due under a contractual arrangement are treated as deferred revenue until the conditions for revenue recognition are satisfied.



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## Grasslands Entertainment Inc.

### Notes to the Consolidated Financial Statements

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#### For the years ended June 30, 2008 and 2007

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Revenue from the sale of products associated with programs, including novelty items and related book publication are recognized when proceeds of sale are received or demonstrated to be receivable.

Revenue from contract services is recognized when the delivery of the specific service is completed and payment for the services can be contractually enforced.

#### **(d) Investment in television programs**

Costs of producing individual television programs are capitalized to be amortized against management's estimate of revenue expected to be generated by the broadcast of the specific individual program.

Management's estimate of expected revenue includes license fees to be derived within existing contractual arrangements and estimates of revenue to be derived where contracts are not yet in place but where experience and industry norms demonstrate the potential for secondary market revenue.

Capitalized costs of television programs produced by the Company include all production costs incurred during production that are expected to benefit future periods. The Company has access to government assistance provided by Canadian federal and provincial governments which is designed to assist television production in Canada and/or the respective province. Government assistance is recognized when there exists persuasive evidence that the program will be entitled to the assistance. Government assistance is treated as a reduction of the related program's production costs.

Costs of creating and developing a pilot of prospective television productions are amortized to a nominal amount in the year if, during that year, management determines the future benefit to be derived from that prospective television production to be negligible.

Costs of marketing and advertising, and costs of customizing previously completed programming are expensed in the period incurred.

#### **(e) Deferred revenue**

Any production advances, sales of rights, licenses, forgivable loans or equity contributions related to work in progress are recorded as deferred revenue until the revenue recognition parameters have been met.

#### **(f) Property and equipment**

Property and equipment consists of office equipment, leasehold improvements, and editing equipment which are recorded at cost. Office equipment and editing equipment are amortized using the declining balance method at rates set forth in note 2 and leasehold improvements are amortized on a straight line basis over the length of the lease.

#### **(g) Income taxes**

Income taxes are accounted for using the future income tax method. Under this method income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. Future income taxes assets and liabilities

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## Grasslands Entertainment Inc.

### Notes to the Consolidated Financial Statements

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#### For the years ended June 30, 2008 and 2007

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are measured using tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

**(h) Foreign exchange**

Monetary assets and liabilities are translated at year-end exchange rates; other assets and liabilities have been translated at the rates prevailing at the date of transaction. Revenue and expense items, except for amortization, are translated at the average rate of exchange for the year. Amortization is converted using the rates prevailing at the dates of acquisition. Gains and losses from foreign currency translation are included in the statements of operations.

**(i) Stock-based compensation**

Effective July 1, 2003, the Company adopted the revised recommendations of Section 3870 with respect to the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. Under this policy the Company is required to value all stock-based compensation granted using the fair value method, as determined using the Black-Scholes option valuation model. Compensation is reflected in the consolidated statements of operations over the vesting period. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

**(j) Earnings per share**

The Company uses the treasury stock method of calculating fully diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period.

The assumed conversion of outstanding common share options has an anti-dilutive impact in 2007 and 2008.

**(k) Use of estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. The significant area requiring the use of estimates involves the determination of amortization expense based on future expected revenue expected to be derived from the broadcast of specific individual programs. Actual results may differ from these estimates.

**(l) Measurement uncertainty**

The amounts recorded as the amortization of the recorded cost of individual television program productions are based on estimates. By their nature these estimates are subject to measurement uncertainty and the effect on the financial statements is such that changes in estimates in future periods may be significant.

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**Grasslands Entertainment Inc.****Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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**(m) Fair value of financial instruments**

The Company adopted CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3856, "Hedges" on July 1, 2007. These new accounting standards provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value initially. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized into net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The Company has designated cash and cash equivalents as held-for-trading, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other liabilities. The fair value of these financial instruments approximates their carrying values. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company does not have derivatives or embedded derivatives.

**(n) Comprehensive Income**

The Company adopted CICA Handbook Section 1530, "Comprehensive Income", on July 1, 2007. Section 1530 establishes standards for the reporting and presenting of comprehensive income which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss. At June 30, 2008, the Company had no items that caused other comprehensive loss to be different than net loss.

**(o) Accounting changes**

Effective July 1, 2007, the Company implemented the new CICA Handbook Section 1506, "Accounting Changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the Company has not adopted because they are not yet in effect.

The impact the adoption of this Section will have on the Company's financial statements will depend on the nature of future accounting changes.

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**Grasslands Entertainment Inc.****Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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*(i) General standards for financial statement presentation*

The CICA has amended Handbook Section 1400, "General Standards of Financial Presentation", effective for periods beginning on or after January 1, 2008 to include requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of this new section is not expected to have an impact on the Company's financial statements and will be adopted by the company on July 1, 2008.

*(ii) Capital disclosures*

In December 2006, the CICA issued Handbook Section 1535, "Capital Disclosures", which is effective for years beginning on or after October 1, 2007. The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosures, is not expected to have an impact on the Company's financial results, and will be adopted by the Company on July 1, 2008.

*(iii) Financial Instruments*

In December 2006, the CICA issued Handbook Section 3862, "Financial Instruments – Disclosures" and Handbook Section 3863, "Financial Instruments – Presentation" to replace Handbook Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 expands on the disclosures previously required under Section 3861 that establishes standards for disclosures about financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Section 3863 is consistent with the presentation requirements of Section 3861 that establishes standards for presentation of financial instruments and non-financial derivatives. These sections apply to interim and annual financial statements for fiscal periods beginning on or after October 1, 2007 and will be adopted by the Company on July 1, 2008. Transitional provisions are complex and vary based on the type of financial instruments under the consideration. The effect on the Company's financial statements is not expected to be material.

*(iv) International Financial Reporting Standards*

In January 2006, the CICA Accounting Standards Board (ASB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The impact of the transition to IFRS on the Company's financial statements has not yet been determined.

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**Grasslands Entertainment Inc.**

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**Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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**2. Property and Equipment**

Subsequent to year-end, the Company commenced efforts to sell its editing equipment. Management intends to sell the equipment within the next fiscal year for proceeds approximating or exceeding its current net book value.

<b>2007</b>		<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net book value</b>
Office equipment	30%	\$ 23,127	\$ 18,540	\$ 4,587
Leasehold improvements	S/L	7,342	7,342	-
Editing equipment	30%	177,345	127,598	49,747
Incorporation costs		835	-	835
		<b>\$ 208,649</b>	<b>\$ 153,480</b>	<b>\$ 55,169</b>

<b>2008</b>		<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net book value</b>
Office equipment	30%	\$ 23,127	\$ 19,916	\$ 3,211
Leasehold improvements	S/L	7,342	7,342	-
Editing equipment	30%	177,345	142,522	34,823
Incorporation costs		835	-	835
		<b>\$ 208,649</b>	<b>\$ 169,780</b>	<b>\$ 38,869</b>

**3. Government Assistance Receivable**

The Company applies for funding from federal and provincial government programs. The following outstanding claims have been or will be applied for and have reduced the production costs of "The Thirsty Traveler V" and "Eat, Shrink & Be Merry" in 2007 and 2008.

	<b>2008</b>	<b>2007</b>
Alberta Film Development Fund	\$ -	\$ 198,691
Federal tax credits	-	157,806
Federal tax credit outstanding from prior year	<b>170,657</b>	87,715
	<b>\$ 170,657</b>	<b>\$ 444,212</b>

**4. Financial Instruments**

At June 30, the Company had the following financial assets and liabilities denominated in US dollars:

	<b>2008</b>	<b>2007</b>
Cash	\$ -	\$ 1,963
Accounts Receivable	\$ -	\$ 4,550

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**Grasslands Entertainment Inc.****Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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**5. Investment in Television Programs**

	2008	2007
<b>Completed Productions</b>		
<b>Cost of production, net of government assistance</b>	<b>\$ 4,944,861</b>	\$ 4,852,396
<b>Amortization</b>	<b>4,910,623</b>	4,336,948
<b>Net investment in completed productions</b>	<b>34,238</b>	83,948
<b>Programming in Production</b>		
<b>Cost of Production works in progress, net of government assistance</b>	-	431,500
<b>Investment in Television Programs</b>	<b>\$ 34,238</b>	\$ 515,448

During the year, the Company completed production of the fifth series of the "Thirsty Traveler". The total cost of this production was \$511,315. Based on estimates of future revenue to be generated, \$477,087 of the cost of production of this program has been amortized.

The Company completed the initial series of Eat, Shrink & Be Merry in 2007. Based on estimates of future revenue to be generated, the full cost of production of this program has been amortized in 2007 and 2008.

The production of the first series of Eat, Shrink & Be Merry was conducted under a joint venture agreement. Pursuant to this agreement the joint venture partner has contributed \$15,000 toward the costs of the pilot. The Company was responsible for producing the series and all costs incurred. Grasslands net investment, before amortization, in this project at June 30, 2007 was \$647,065. The Company has received all revenue earned to date from this series. Future revenue from the licensing and sales of the series will continue to accrue to Grasslands until such time as \$65,000 of additional sales are concluded. Thereafter, all proceeds will accrue to the joint venture partner. Based on managements' estimates of future revenue this production has been fully amortized as at June 30, 2008.

The Company owns and controls the copyright and trademarks for various past productions which have been fully amortized. The Company continues to pursue licensing, merchandising and distribution of these projects.

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**Grasslands Entertainment Inc.****Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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**6. Share Capital****Authorized**

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Unlimited number of Class A voting shares  
Unlimited Class B non-voting shares  
Unlimited Class C preference shares

<b>Issued and Outstanding Class A Common Shares</b>	<b>Number of Shares</b>	<b>Amount</b>
Issued and outstanding at June 30, 2006	12,570,336	\$ 1,356,071
Issued and outstanding at June 30, 2007	12,570,336	1,356,071
<b>Issued and outstanding at June 30, 2008</b>	<b>12,570,336</b>	<b>\$ 1,356,071</b>

**Stock Options**

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The Company has a Stock Option Plan for the benefit of agents, directors, officers and employees. Options may be granted to purchase not more than 2,514,255 of the common shares of the Company at the discretion of the Board of Directors. The Company has a total of 175,000 options outstanding as of June 30, 2008. The Plan permits options to be granted by the Directors of the Company for a term not exceeding five (5) years at a price not lower than the lower of market price less the TSX permitted discount, or minimum per share price specified by the TSX. Options are exercisable for Common shares and generally vest immediately or over a three year period on the basis of one third per year on each of the first three grant anniversary dates and are generally available for five years. The full price of the optioned shares must be paid upon exercise of any options.

A summary of the Company's outstanding stock options as of June 30, 2007 and June 30, 2008 and the changes during the years then ended is presented below:

	<b>Number Of Options</b>	<b>Exercise Price</b>
<b>Outstanding at June 30, 2006</b>	<b>800,000</b>	<b>\$ 0.10 - \$0.40</b>
<b>Options Forfeited</b>	<b>625,000</b>	
<b>Outstanding at June 30, 2007</b>	<b>175,000</b>	<b>\$ 0.10</b>
<b>Outstanding at June 30, 2008</b>	<b>175,000</b>	<b>\$ 0.10</b>
<b>Exercisable at June 30, 2008</b>	<b>175,000</b>	<b>\$ 0.10</b>

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**Grasslands Entertainment Inc.****Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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Subject to early forfeitures, the outstanding options at June 30, 2008 have the following exercise prices and expiry dates:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Options</b>
<b>May 15, 2010</b>	<b>\$ 0.10</b>	<b>175,000</b>

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**Stock-based Compensation and Contributed Surplus**

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The Company has recorded stock-based compensation expense of \$3,828 for the year ended June 30, 2008 related to options granted in May 2005.

<b>Contributed Surplus:</b>	<b>Amount</b>
Balance at June 30, 2006	\$ 4,785
Stock-based Compensation in year ended June 30, 2007	3,828
Balance at June 30, 2007	\$ 8,613
Stock-based Compensation in year ended June 30, 2008	3,828
Balance at June 30, 2008	\$ 12,441

**7. Future Income Tax Asset**

	<b>2008</b>	<b>2007</b>
Excess of tax value of production costs over net book value	\$ 242,648	\$ 189,718
Excess of net book value of property and equipment over tax value	(3,340)	(10,543)
Valuation allowance	(239,824)	(180,334)
Share issuance costs	516	1,159
Future income tax asset	\$ -	\$ -



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**Grasslands Entertainment Inc.****Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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**8. Income Taxes**

Taxes on earnings vary from the amounts that would be computed by applying the base Federal and provincial income tax rates to the earnings before income taxes. The following is a reconciliation of the base taxes with the amount recorded on the statement of income. Due to the uncertainty of the Company's ability to earn taxable income in future years no income tax provision was recorded in 2008 and previously recorded future income tax asset was written down to nil in 2007.

	<u>2008</u>	<u>2007</u>
Net (loss) before income taxes	\$ (268,510)	\$ (181,421)
Income Tax (recovery) at the combined base		
Federal and provincial income tax rates	\$ (85,923)	\$ (58,944)
Stock-based compensation	1,225	1,244
Change in valuation allowance	59,490	180,334
Effect of change in tax rates	27,280	-
Other differences	(2,072)	1,553
Income tax provision	\$ -	\$ 124,187

**9. Lease Obligations**

At June 30, 2008, the Company had no lease obligations except for a month to month lease of production office space.

**10. Related Party Transactions**

During the year, the Company paid two directors of the Company a total of \$99,359 (2007: \$186,000) for services provided in producing the television shows and for services provided for managing the Company. The portion of salaries allocated to producing television programming has been included in Investment in Television Shows. These transactions have been recorded at the exchange amount being the amount of consideration agreed by the parties.

At June 30, 2008 a director owed the Company \$1,371 (2007: \$4,362). The fair value of the amount due from this related party is not determinable as it has no fixed terms of payment, does not bear interest and is unsecured.

**11. Comparative Figures**

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

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**Grasslands Entertainment Inc.****Notes to the Consolidated Financial Statements**

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**For the years ended June 30, 2008 and 2007**

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**12. Subsequent Event**

On September 29, 2008 the Company announced it had entered into an agreement contemplating a private placement of 5,000,00 units at an issue price of \$0.05 per unit. Each unit is to be comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the date of issue. If the issue is successful the proceeds of the private placement will be used to fund general working capital. The private placement is subject to regulatory and corporate approvals and the delivery of executed subscription agreements

**Grasslands Entertainment Inc.**

**Consolidated Financial Statements**

**For the Years Ended June 30, 2010 and 2009**

## AUDITORS' REPORT

### To the Directors of Grasslands Entertainment Inc.

We have audited the consolidated balance sheets of Grasslands Entertainment Inc. as at June 30, 2010 and 2009 and the consolidated statements of operations and comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

*Collins Barrow Toronto LLP*

Licensed Public Accountants  
Chartered Accountants  
October 1, 2010  
Toronto, Ontario

**Grasslands Entertainment Inc.**  
**Consolidated Balance Sheets**  
**As at June 30, 2010 and 2009**

	2010	2009
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 157,819	\$ 322,145
Accounts receivable	19,617	82,088
Government assistance receivable (Note 4)	21,592	21,592
Prepaid expenses	-	3,570
	<b>199,028</b>	<b>429,395</b>
Property and equipment (Note 5)	1,572	2,247
Investments (Note 6)	75,001	150,000
	<b>\$ 275,601</b>	<b>\$ 581,642</b>

**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ 63,010	\$ 84,003
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**Shareholders' Equity**

Share capital (Note 7)	1,480,189	1,480,189
Warrants (Note 9)	24,549	24,549
Contributed Surplus (Note 8)	16,331	16,331
Deficit	(1,308,478)	(1,023,430)
	<b>212,591</b>	<b>497,639</b>
	<b>\$ 275,601</b>	<b>\$ 581,642</b>

*Basis of Presentation and Going Concern (Note 1)*

*Contingency (Note 12)*

*Related Party Transactions (Note 13)*

*Reverse Takeover (Note 16)*

Approved by the Board

\_\_\_\_\_  
 "Jim Ripley"  
 Director (Signed)

\_\_\_\_\_  
 "Ned Studer"  
 Director (Signed)

**Grasslands Entertainment Inc.**  
**Consolidated Statements of Operations and Comprehensive Loss and Deficit**  
**Years Ended June 30, 2010 and 2009**

	2010	2009
<b>Revenue</b>		
Television production	\$ -	\$ 79,943
Contract editing and commercial production	18,894	33,924
	<u>18,894</u>	<u>113,867</u>
<b>Expenses</b>		
Amortization of investment in television programs	-	12,647
Amortization of property and equipment	674	1,801
Foreign exchange (gain)loss	-	(1,088)
General and administrative	224,468	336,944
Impairment of investments	89,062	-
Impairment of property and equipment	-	34,822
Other production costs	1,475	2,871
	<u>315,679</u>	<u>387,997</u>
<b>Loss before the undernoted item</b>	<b>(296,785)</b>	<b>(274,130)</b>
<b>Other income (expenses)</b>		
Interest income	11,737	11,947
<b>Net loss and Comprehensive loss</b>	<b>(285,048)</b>	<b>(262,184)</b>
<b>Deficit, beginning of year</b>	<b>(1,023,430)</b>	<b>(761,246)</b>
<b>Deficit, end of year</b>	<b>\$ (1,308,478)</b>	<b>\$ (1,023,430)</b>
<b>Loss per share</b>		
Basic and diluted	\$ (0.02)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>		
Basic and diluted	16,997,696	14,968,489

**Grasslands Entertainment Inc.**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2010 and 2009**

	2010	2009
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Net loss	\$ (285,048)	\$ (262,184)
Items not affecting cash		
Amortization of property and equipment	674	1,801
Amortization of investment in television programs	-	12,647
Impairment of property and equipment	-	34,822
Impairment of investment	89,062	-
Advance to director written off	1,127	-
	<b>(194,185)</b>	<b>(212,914)</b>
Net changes in non-cash working capital		
Accounts receivable	47,282	(78,663)
Government assistance receivable	-	149,065
Prepaid expenses	3,570	7,019
Accounts payable and accrued liabilities	(20,993)	60,649
	<b>(164,326)</b>	<b>(74,844)</b>
<b>Investing</b>		
Production costs, net of government assistance	-	21,590
Investments in private companies	-	(150,000)
	-	<b>(128,410)</b>
<b>Financing</b>		
Share issuance costs	-	(68,681)
Proceeds from issuance of share capital	-	221,238
	-	<b>152,557</b>
<b>Net change in cash</b>	<b>(164,326)</b>	<b>(50,697)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>322,145</b>	<b>372,842</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 157,819</b>	<b>\$ 322,145</b>
<b>Supplemental Disclosure</b>		
Cash paid for interest	\$ 87	\$ 1,503
<b>Cash and cash equivalents consist of:</b>		
Cash on hand, net of outstanding cheques	\$ (191)	\$ 16,865
Term deposits - GIC	158,010	305,280
	<b>\$ 157,819</b>	<b>\$ 322,145</b>

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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**1. BASIS OF PRESENTATION AND GOING CONCERN**

Grasslands Entertainment Inc. (the "Company" or "Grasslands") is a public company listed on the TSX Venture Exchange. Prior to October 1, 2007 the Company's main business was in creating, developing, producing and marketing television broadcast entertainment content. Subsequent to that date the Company has primarily been involved in seeking strategic alternatives to maximize share value.

The consolidated financial statements of the Company are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern and acquire an active business interest and/or other assets depends on its ability to successfully complete the transaction disclosed in Note 16, raise additional financing and ultimately achieve profitable operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might arise from this uncertainty.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements include the assets, liabilities and results of operations, after elimination of inter-company transactions and balances of the Company, and its wholly owned subsidiary 1183290 Alberta Inc. and that subsidiary's 50% interest in GR2 Productions, a joint venture established to develop and produce the initial year of the Eat, Shrink & Be Merry series for television.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments, with an insignificant risk of change in value, purchased with an original maturity of three months or less to be cash equivalents. The cash equivalents held by the Company at year end are 30-day term deposits, bearing interest at 0.3% per annum.

**Revenue Recognition**

Revenue from television program and commercial production consists primarily of license fees for the right to broadcast television programs and commercial productions in specified geographic markets and over limited periods of time. Revenue is recognized in the period in which it is earned, which generally coincides with the period that the production has been completed and the contractual delivery arrangements have been met. Payments received or advances or other amounts due under a contractual arrangement are treated as deferred revenue until the conditions for revenue recognition are satisfied.



**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Interest income is recognized when earned and reasonable assurance as to collectibility exists.

**Property and Equipment**

Property and equipment consists of office equipment which is recorded at cost. Office equipment is amortized using the declining balance method at a rate of 30% per annum and leasehold improvements are amortized on a straight line basis over the length of the lease.

**Impairment of Long-lived Assets**

Property and equipment with finite lives are reviewed for impairment when events or circumstances indicate that carrying values may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of its carrying value over its fair value.

**Income Taxes**

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted tax rates and laws that are expected to be in effect when the differences are likely to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

**Foreign Exchange**

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at the rate of exchange at each transaction date. Gains or losses on translation are included in income.

**Stock-based Compensation**

The Company applies a fair value based method of accounting to all stock-based payments, as set out in the CICA handbook section 3870 "Stock-Based Compensation and Other Stock-Based Payments".

Accordingly, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable. Stock-based compensation is charged to operations over the vesting period and the offset is credited to contributed surplus. Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Valuation of Warrants**

Warrants issued are valued at fair value of the warrants on the date of the grant, determined using the Black-Scholes option-pricing model. Option pricing models require input of highly subjective assumptions, including the expected price volatility. Changes to these assumptions can materially affect the fair value estimate.

**Share Issue Costs**

Costs that are directly attributable to issuance of capital stock are charged to share capital when the related shares are issued.

**Loss Per Share**

The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. The significant area requiring the use of estimates involves the determination of fair value of stock options granted and warrants issued and the impairment of investments. Actual results may differ from these estimates.

**Measurement Uncertainty**

The amounts recorded as the amortization of the recorded cost of individual television program productions are based on estimates. By their nature these estimates are subject to measurement uncertainty and the effect on the financial statements is such that changes in estimates in future periods may be significant.

**Comprehensive Income**

Section 1530 establishes standards for the reporting and presenting of comprehensive income which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss.

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Financial Instruments**

CICA Handbook section 3855 requires that all financial assets and liabilities be carried at fair value in the consolidated balance sheet, except for loans and receivables, financial assets held to maturity, other liabilities and certain available for sale assets. The latter are carried at amortized cost using the effective interest method. Investments in equity instruments that are available for sale and do not have a quoted market price in an active market are recorded at cost subject to impairment for other than temporary declines in value. Changes in the fair value of financial instruments carried at fair value are charged or credited to the consolidated statement of operations for the current year.

The company has classified its financial assets and liabilities as follows:

<b>Assets/Liabilities</b>	<b>Category</b>	<b>Measurement</b>
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Investments	Available for sale	Cost

**Fair Value Hierarchy and Liquidity Risk Disclosure**

In June 2009, the CICA issued an amendment to Handbook Section 3862 to provide improvements to fair value and liquidity risk disclosures. The amendment applies to the Company's fiscal year ending June 30, 2010. This adoption resulted in additional disclosure as provided below.

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of financial instruments approximated their carrying amounts due to the relatively short period to maturity. These include cash and cash equivalents. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

	<b>Level One</b>	<b>Level Two</b>	<b>Level Three</b>
Cash and cash equivalents	\$ 157,819	\$ -	\$ -

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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**3. RECENT ACCOUNTING PRONOUNCEMENTS**

Recent accounting pronouncements issued but not yet effective:

**Business Combinations**

The CICA recently introduced Handbook Section 1582 – Business Combinations to replace Handbook Section 1581 – Business Combinations. The new standard will become effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of this standard on its financial statements.

**Consolidated Financial Statements and Non-Controlling Interests**

The CICA recently introduced Handbook Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which will replace Handbook Section 1600 – Consolidated Financial Statements establishing a new section for accounting for a non-controlling interest in a subsidiary. These new sections apply to interim and annual consolidated statements for the years beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of these standards on its financial statements.

**International Financial Reporting Standards**

In January 2006, the CICA Accounting Standards Board (“ASB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies are required to converge with International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011, with comparative figures presented on the same basis. The Company has commenced the process to determine the impact of the transition to IFRS on its reporting process.

**4. GOVERNMENT ASSISTANCE RECEIVABLE**

The Company has applied for or is entitled to apply for credits and grants from federal and provincial government programs. The following funding has been, or will be applied for, and has reduced the cost of production of “The Thirsty Traveller” “V” and “Eat, Shrink & Be Merry”.

	2010	2009
<b>Federal tax credit outstanding</b>	<b>\$ 21,592</b>	<b>\$ 21,592</b>

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

**5. PROPERTY AND EQUIPMENT**

<b>June 30, 2010</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Office equipment	\$ 23,126	\$ 21,554	\$ 1,572
<hr/>			
<b>June 30, 2009</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Office equipment	\$ 23,127	\$ 20,880	\$ 2,247
Leasehold improvements	7,342	7,342	-
	\$ 30,469	\$ 28,222	\$ 2,247

**6. INVESTMENTS**

At June 30, 2010, investments in private companies consisted of the following:

- (a) 300,000 units of Caldera Geothermal Inc. with each unit comprising of one common share and one half share purchase warrant, exercisable at \$0.50 per share expiring on April 2, 2012.
- (b) 75 units of Enerasia Renewable Corp. with each unit comprising of \$1,000 principal amount convertible Debenture and 2,500 common share purchase warrant exercisable at \$0.20 per share expiring on April 2, 2014.

The Debentures have a term of 24 months and bear interest at the rate of 15% per annum and payable in equity securities of Enerasia Renewable Corp.

During the year, it was determined that the fair value of the debentures were impaired and were written down to \$1. During the reporting period, \$11,737 interest income was earned from this investment and was also written down to \$Nil.

The following is a summary of the investments held by the Company in private companies.

	<b>2010</b>	<b>2009</b>
Caldera Geothermal Inc.	\$ 75,000	\$ 75,000
Enerasia Renewable Corp.	1	75,000
	\$ 75,001	\$ 150,000

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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**7. CAPITAL STOCK**

	Number of Shares	Amount
<b>Authorized</b>		
unlimited number of Class A voting shares		
unlimited Class B non-voting shares		
unlimited Class C preference shares		
<b>Issued and Outstanding Class A Common Shares</b>		
Issued and outstanding at June 30, 2008	12,570,336	\$ 1,356,071
Issued under private placement <sup>(a)</sup>	4,427,360	124,118
<b>Issued and outstanding at June 30, 2010 and 2010</b>	<b>16,997,696</b>	<b>\$ 1,480,189</b>

**Private Placement**

- (a) On December 12, 2008 the Company announced it had completed a private placement of 4,427,360 units at an issue price of \$0.05 per unit for gross proceeds of \$221,238 (net proceeds of \$152,557 after share issue costs of \$68,681). Each unit was comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the closing date of the private placement. The warrants were valued at \$24,549 (note 9).

In addition, as broker compensation in connection with the private placement, the Company issued 350,800 broker compensation options, each such option being exercisable into one common share at an exercise price of \$0.10 for two years from the closing date of the private placement. The cost of these stock options in the amount of \$3,890 were netted off capital stock.

If exercised the warrants will require the issuance of up to 2,213,680 common shares and, if exercised, the broker compensation options will require the issuance of up to 350,800 common shares.

**8. STOCK OPTIONS**

The Company has a Stock Option Plan for the benefit of agents, directors, officers and employees. Options may be granted to purchase not more than 2,514,255 of the common shares of the Company at the discretion of the Board of Directors. The Company has a total of 350,800 options outstanding as at June 30, 2010. The Plan permits options to be granted by the Directors of the Company for a term not exceeding five (5) years at a price not lower than the lower of market price less the TSX permitted discount, or minimum per share price specified by the TSX. Options are exercisable for Common shares and generally vest immediately or over a three year period on the basis of one third per year on each of the first three grant anniversary dates and are generally available for five years.

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

**8. STOCK OPTIONS (Cont'd)**

The weighted average fair value of the options granted in fiscal year 2009 was estimated at \$0.01 by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2009
Risk-free interest rate	1.52%
Dividend yield	0%
Volatility	75%
Expected life	2 years

A summary of the Company's outstanding stock options as of June 30, 2010 and the changes during the year then ended is presented below:

	Number of Options	Weighted Average Exercise price
<b>Outstanding at June 30, 2008</b>	<b>175,000</b>	\$ 0.10
Granted during the period	350,800	\$ 0.10
Expired, unexercised during the period	(100,000)	\$ 0.10
Outstanding at June 30, 2009	425,800	\$ 0.10
Expired, unexercised during the period	(75,000)	\$ 0.10
Outstanding at June 30, 2010	350,800	\$ 0.10
Exercisable at June 30, 2010	350,800	\$ 0.10

The outstanding options at June 30, 2010 have the following exercise prices and expiry dates:

Expiry Date	Number of Options	Exercise price
December 12, 2010	350,800	\$ 0.10

**Stock Based Compensation and Contributed Surplus**

	Amount
Contributed surplus:	
Balance at June 30, 2008	\$ 12,441
Broker compensation option issued to agents on private placement treated as share issuance cost in the year ended June 30, 2009	3,890
Balance at June 30, 2009 and 2010	\$ 16,331

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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**9. WARRANTS**

Each warrant is exercisable for one Common share and the warrants expire within 2 years. In prior year, the Company issued 2,213,680 warrants valued at \$24,549 (note 7)

The weighted average fair value of the warrants granted in fiscal year 2010 was estimated at \$0.01 by using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2009
Risk-free interest rate	1.52%
Dividend yield	0%
Volatility	75%
Expected life	2 years

A summary of the Company's outstanding warrants as of June 30, 2010 and the changes during the year then ended is presented below:

	Number of Warrants	Weighted Average Exercise price
Outstanding at June 30, 2009 and 2010	2,213,680	\$ 0.10
Exercisable at June 30, 2010	2,213,680	\$ 0.10

The outstanding warrants at June 30, 2010 have the following exercise prices and expiry dates:

Expiry Date	Number of Warrants	Exercise price
December 12, 2010	2,213,680	\$ 0.10

**10. INCOME TAXES**

A reconciliation of income taxes at the statutory rate of 29% with the reported taxes is as follows:

	2010	2009
<b>Loss before income taxes</b>	<b>\$ (285,048)</b>	<b>\$ (262,184)</b>
Statutory rate	29.0 %	29.0 %
Expected income tax recovery at the combined basic Federal and provincial tax rate	<b>\$ (82,664)</b>	<b>\$ (76,033)</b>
Effect on income taxes of:		
Non-deductible portion of capital loss	12,914	-
Change in rates	9,621	23,760
Change in valuation allowance	60,129	52,273
<b>Income tax expense</b>	<b>\$ -</b>	<b>\$ -</b>



**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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**11. FUTURE INCOME TAXES**

The significant components of the Corporation's future income tax assets are as follows

	2010	2009
Non-capital loss carry forward	\$ 107,351	\$ 55,089
Share issuance costs	11,876	15,310
Excess of tax value of production costs over net book value	244,732	244,564
Capital loss carry forward	11,133	-
Net future tax asset	375,092	314,963
Less: Valuation allowance	(375,092)	(314,963)
<b>Future income tax asset</b>	<b>\$ -</b>	<b>\$ -</b>

**Loss and Tax Credit Carryforwards**

The Company has non-capital losses of \$429,404 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2029	220,356
2030	209,048
	<b>429,404</b>

The Company also has capital loss of \$44,531 available indefinitely to apply against future capital gains.

Future tax benefits which may arise as a result of these capital and non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

**12. CONTINGENCY**

There is a possible claim against the company as at June 30, 2010 with regards to a contract signed over 10 years ago for the "Thirsty Traveller I" television series. The Company is examining alternatives for determining the validity of the claim and its ultimate disposition. The Company believes the claim is without merit and has quantified the maximum exposure at \$60,000. No provision has been made in the financial statement, as the outcome is not determinable.

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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**13. RELATED PARTY TRANSACTIONS**

During the year, the Company paid a director and executive officer of the Company a total of \$48,000 (2009 - \$109,500 ) for services provided in managing the Company.

During the year, an amount of \$1,127 owing from a director was written off. As at June 30, 2010, there were no amount payable to the Company (2009 - \$1,127).

During the year, no payment was made to a shareholder for costs related to share issuance. (2009 - \$17,500 )

These transactions occurred in the normal course of operations and have been recorded at the exchange amount being the amount of consideration agreed by the parties.

**14. FINANCIAL INSTRUMENTS**

**Risk Management Policies**

The Company is exposed to risk due to the nature of its financial instruments. Risk management is the responsibility of management and the Company did not use derivative instruments to manage risks.

**Fair Value**

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

As at June 30, 2010, the carrying value of term deposit is considered to approximate fair value since it bears interest at current rates for similar types of borrowing arrangements or investments.

The fair value of investments has not been disclosed because of the unavailability of a quoted market price.

**Credit Risk and Interest Rate Risk**

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risk arising from its financial instruments.

**Price Risk**

All investments in securities present a risk of loss of capital. Management mitigates this risk through careful selection of securities within specified limits. The maximum risk for financial instruments owned by the Company is determined by the fair value thereof. As at June 30, 2010, the Company has invested in equity securities of private companies. Equities are susceptible to market price risk arising from uncertainties about future prices of those instruments.

**14. FINANCIAL INSTRUMENTS (Cont'd)**

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 15 ("Capital Disclosures"). It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

At at June 30, 2010, the Company was holding cash and cash equivalents and term deposits of \$157,819. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

**Foreign Exchange**

The Company is not exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. All of the Company's expenses are denominated in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**15. CAPITAL DISCLOSURES**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern for the benefit of its shareholders.

In order to maintain capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive stock options. In the management of capital, the Company includes the components of shareholders' equity.

The Company prepares annual estimates of expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company currently has sufficient capital to cover its administrative costs for the next year. The Company is not subject to any externally imposed capital requirements.

**Grasslands Entertainment Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010 and 2009**

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**16. REVERSE TAKEOVER**

On May 26, 2009, the Company entered into a letter of intent (the "Letter of Intent") with an Ontario incorporated private company, 2190879 Ontario Inc. ("TargetCo."), a wholly-owned subsidiary of Foundation Financial Holdings Corp. ("FFHC"), pursuant to which Grasslands and TargetCo. have agreed to complete a business combination to form a new company ("Newco"). The business combination shall constitute a Reverse Takeover (the "RTO") of the Company as defined in the policies of the TSX Venture Exchange (the "TSX-V").

In conjunction with the RTO, Newco will undergo a change in business to a merchant bank focused on the mineral and energy sectors. TargetCo. currently has investments in the following companies: Quia Resources Inc., a private company with gold exploration properties in Colombia; Enerasia Renewable Corp., a private company focused on hydro, wind and geothermal opportunities in the Philippines; Caldera Geothermal Inc., a private company focused on geothermal exploration and development in the Western United States; and Silver Shield Resources Corp. (TSX-V: SSR), a TSX-V listed company focusing on advanced-stage silver properties in Northern Ontario and Mexico.

On February 4, 2010, the Company entered into an amended and restated letter of intent, which amends and restates a previous letter of intent dated May 26, 2009 between the Company and FFHC.

Under the terms of the amended Letter of Intent: (i) Grasslands shall consolidate (the "Share Consolidation") its Class A voting shares on a four (4) old shares ("Pre-Consolidated Shares") for one (1) new share basis (a "Consolidated Share"), such Share Consolidation to become effective prior to completion of the RTO; and (ii) the holders of TargetCo. common shares (the "TargetCo. Common Shares") will receive one (1) Consolidated Share for each TargetCo. Common Share (the "Consideration Ratio").

The number of outstanding stock options, warrants, and broker options of Grasslands will be adjusted based on the same 4:1 ratio as the Pre-Consolidated Shares of Grasslands and, subject to the approval of the Exchange, the exercise price of certain of those convertible securities will be amended to \$0.14 per Consolidated Share on a post-Consolidation basis. The Consolidated Shares will be issued at an ascribed price of \$0.14 per share. On completion of the RTO, TargetCo will be a wholly owned subsidiary of the Company. It is expected that, prior to the closing of the RTO, there will be 16,997,696 Pre-Consolidated Shares issued and outstanding and 7,857,143 TargetCo. Common Shares issued and outstanding.

Under the terms of the amended letter of intent, TargetCo's audited financial statements will include net tangible assets ("NTA") equal to at least \$900,000. If the NTA is less than \$900,000, the Consideration Ratio will be adjusted so that the holders of TargetCo. Common Shares will receive less than one (1) Consolidated Share for each TargetCo. Share based upon a percentage equal to the amount by which the NTA is less than \$900,000. For example, if the NTA is \$800,000, the Consideration Ratio will be adjusted to 0.8888 Consolidated Share for each TargetCo. Share.

**17. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

**Grasslands Entertainment Inc.**  
**Consolidated Financial Statements**  
**June 30, 2008 and 2007**

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# **Grasslands Entertainment Inc.**

**Interim Consolidated Financial Statements**

**For the three and nine month periods ended  
March 31, 2011 and 2010**

**(unaudited)**

**(Amended and refilled – See Note 15)**

**Grasslands Entertainment Inc.**  
**Interim Consolidated Balance Sheets**  
**(unaudited)**

**Amended and refiled**

	<b>Mar 31, 2011</b>	<b>June 30, 2010</b>
	(unaudited)	(audited)
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 76,888	\$ 157,819
Accounts receivable	21,551	19,617
Government assistance receivable (Note 4)	21,592	21,592
	<b>120,031</b>	<b>199,028</b>
<b>Property and equipment (Note 5)</b>	<b>1,218</b>	<b>1,572</b>
<b>Investments (Note 6)</b>	<b>75,001</b>	<b>75,001</b>
	<b>\$ 196,250</b>	<b>\$ 275,601</b>

**Liabilities**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 15,200	\$ 63,010

**Shareholders' Equity**

Share capital (Note 7)	1,480,189	1,480,189
Contributed Surplus (Note 8)	40,880	16,331
Warrants (Note 9)	-	24,549
Deficit	(1,340,019)	(1,308,478)
	<b>181,050</b>	<b>212,591</b>
	<b>\$ 196,250</b>	<b>\$ 275,601</b>

*Basis of Presentation and Going Concern (Note 1)*  
*Contingency (Note 10)*  
*Related Party Transactions (Note 11)*  
*Pending Acquisition (Note 14)*

Approved by the Board                     "Jim Ripley"                      
 Director (Signed)

                    "Ned Studer"                      
 Director (Signed)

See accompanying notes to interim consolidated financial statements

**Grasslands Entertainment Inc.****Amended and refiled****Interim Consolidated Statements of Operations and Comprehensive Loss and Deficit****For the three and nine month periods ended March 31, 2011 and 2010****(unaudited)**

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>Mar 31, 2011</b>	<b>Mar 31, 2010</b>	<b>Mar 31, 2011</b>	<b>Mar 31, 2010</b>
<b>Revenue</b>				
Other	\$ 5,237	\$ 8,892	\$ 12,493	\$ 22,348
	<b>5,237</b>	<b>8,892</b>	<b>12,493</b>	<b>22,348</b>
<b>Expenses</b>				
Amortization of property and equipment	118	168	354	504
General and administrative	29,317	48,294	43,680	141,111
	<b>29,435</b>	<b>48,462</b>	<b>44,034</b>	<b>141,615</b>
<b>Comprehensive loss before other expenses</b>	<b>(24,198)</b>	<b>(39,570)</b>	<b>(31,541)</b>	<b>(119,267)</b>
<b>Contingent liability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,500</b>
<b>Net and comprehensive loss for the period</b>	<b>(24,198)</b>	<b>(39,570)</b>	<b>(31,541)</b>	<b>(179,767)</b>
<b>Deficit, beginning of period</b>	<b>(1,315,821)</b>	<b>(1,163,627)</b>	<b>(1,308,478)</b>	<b>(1,023,430)</b>
<b>Deficit, end of period</b>	<b>\$ (1,340,019)</b>	<b>\$ (1,203,197)</b>	<b>\$ (1,340,019)</b>	<b>\$ (1,203,197)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.001)</b>	<b>\$ (0.002)</b>	<b>\$ (0.002)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding</b>	<b>16,997,696</b>	<b>16,997,696</b>	<b>16,997,696</b>	<b>16,997,696</b>

See accompanying notes to interim consolidated financial statements



**Grasslands Entertainment Inc.**  
**Interim Consolidated Statements of Cash Flows**  
**For the three and nine month periods ended March 31, 2011 and 2010**  
**(unaudited)**

**Amended and refiled**

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>Mar 31,</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net loss for the period	\$ (24,198)	\$ (39,570)	\$ (31,541)	\$ (179,767)
Items not involving cash				
Amortization of property and equipment	118	168	354	504
	<u>(24,080)</u>	<u>(39,402)</u>	<u>(31,187)</u>	<u>(179,263)</u>
Change in non-cash working capital				
Accounts receivable	(2,551)	(2,999)	(1,934)	68,538
Work-in-progress, deposits and prepaid expenses	-	759	-	(8,807)
Accounts payables and accrued liabilities	(3,800)	(17,500)	(47,810)	(23,503)
	<u>(30,431)</u>	<u>(59,142)</u>	<u>(80,931)</u>	<u>(143,035)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(30,431)</b>	<b>(59,142)</b>	<b>(80,931)</b>	<b>(143,035)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>107,319</b>	<b>238,252</b>	<b>157,819</b>	<b>322,145</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 76,888</b>	<b>\$ 179,110</b>	<b>\$ 76,888</b>	<b>\$ 179,110</b>

**Supplemental Disclosure**

	<b>2011</b>	<b>2010</b>
Cash paid for interest	<b>\$ 310</b>	<b>\$ 40</b>
<b>Cash and cash equivalents consist of:</b>		
Cash on hand (overdraft)	<b>\$ (5,176)</b>	<b>\$ 21,364</b>
Term deposits - GIC	<b>82,064</b>	<b>157,746</b>
	<b>\$ 76,888</b>	<b>\$ 179,110</b>

**See accompanying notes to Interim consolidated financial statements.**

**1. BASIS OF PRESENTATION AND GOING CONCERN**

Grasslands Entertainment Inc. (the "Company" or "Grasslands") is a public company listed on the TSX Venture Exchange. Prior to October 1, 2007 the Company's main business was in creating, developing, producing and marketing television broadcast entertainment content. Subsequent to that date the Company has primarily been involved in seeking strategic alternatives to maximize share value.

The consolidated financial statements of the Company are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern and acquire an active business interest and/or other assets depends on its ability to successfully complete the transaction disclosed in Note 14, raise additional financing and ultimately achieve profitable operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might arise from this uncertainty.

**2. SIGNIFICANT ACCOUNTING POLICIES****Principles of Consolidation**

The consolidated financial statements include the assets, liabilities and results of operations, after elimination of inter-company transactions and balances of the Company, and its wholly owned subsidiary 1183290 Alberta Inc. and that subsidiary's 50% interest in GR2 Productions, a joint venture established to develop and produce the initial year of the Eat, Shrink & Be Merry series for television.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments, with an insignificant risk of change in value, purchased with an original maturity of three months or less to be cash equivalents. The cash equivalents held by the Company at year end are 30-day term deposits, bearing interest at 0.3% per annum.

Interest income is recognized when earned and reasonable assurance as to collectibility exists.

**Property and Equipment**

Property and equipment consists of office equipment which is recorded at cost. Office equipment is amortized using the declining balance method at a rate of 30% per annum.

**Impairment of Long-lived Assets**

Property and equipment with finite lives are reviewed for impairment when events or circumstances indicate that carrying values may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of its carrying value over its fair value.

**Income Taxes**

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted tax rates and laws that are expected to be in effect when the differences are likely to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

**Foreign Exchange**

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at the rate of exchange at each transaction date. Gains or losses on translation are included in income.

**Stock-based Compensation**

The Company applies a fair value based method of accounting to all stock-based payments, as set out in the CICA handbook section 3870 "Stock-Based Compensation and Other Stock-Based Payments".

Accordingly, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable. Stock-based compensation is charged to operations over the vesting period and the offset is credited to contributed surplus and is measured using the Black-Scholes option pricing model. Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****Valuation of Warrants**

Warrants issued are valued at fair value of the warrants on the date of the grant, determined using the Black-Scholes option-pricing model. Option pricing models require input of highly subjective assumptions, including the expected price volatility. Changes to these assumptions can materially affect the fair value estimate.

**Share Issue Costs**

Costs that are directly attributable to issuance of capital stock are charged to share capital when the related shares are issued.

**Loss Per Share**

The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. The significant area requiring the use of estimates involves the determination of fair value of stock options granted and warrants issued and the impairment of investments. Actual results may differ from these estimates.

**Comprehensive Income**

Section 1530 establishes standards for the reporting and presenting of comprehensive income which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Financial Instruments**

CICA Handbook section 3855 requires that all financial assets and liabilities be carried at fair value in the consolidated balance sheet, except for loans and receivables, financial assets held to maturity, other liabilities and certain available for sale assets. The latter are carried at amortized cost using the effective interest method. Investments in equity instruments that are available for sale and do not have a quoted market price in an active market are recorded at cost subject to impairment for other than temporary declines in value. Changes in the fair value of financial instruments carried at fair value are charged or credited to the consolidated statement of operations for the current year.

The company has classified its financial assets and liabilities as follows:

<b>Assets/Liabilities</b>	<b>Category</b>	<b>Measurement</b>
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Investments	Available for sale	Cost

**Fair Value Hierarchy and Liquidity Risk Disclosure**

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of financial instruments measured at fair value approximated their carrying amounts due to the relatively short period to maturity. These include cash and cash equivalents. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

	<b>Level One</b>	<b>Level Two</b>	<b>Level Three</b>
Cash and cash equivalents	\$ 76,888	\$ -	\$ -

**3. RECENT ACCOUNTING PRONOUNCEMENTS**

Recent accounting pronouncements issued but not yet effective:

**Business Combinations**

The CICA recently introduced Handbook Section 1582 – Business Combinations to replace Handbook Section 1581 – Business Combinations. The new standard will become effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of this standard on its financial statements.

**Consolidated Financial Statements and Non-Controlling Interests**

The CICA recently introduced Handbook Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which will replace Handbook Section 1600 – Consolidated Financial Statements establishing a new section for accounting for a non-controlling interest in a subsidiary. These new sections apply to interim and annual consolidated statements for the years beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of these standards on its financial statements.

**International Financial Reporting Standards**

In January 2006, the CICA Accounting Standards Board (“ASB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies are required to converge with International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011, with comparative figures presented on the same basis. The Company has commenced the process to determine the impact of the transition to IFRS on its reporting process.

**4. GOVERNMENT ASSISTANCE RECEIVABLE**

The Company has applied for or is entitled to apply for credits and grants from federal and provincial government programs. The following funding has been, or will be applied for, and has reduced the cost of production of “The Thirsty Traveller” “V” and “Eat, Shrink & Be Merry”.

	<b>Mar 31, 2011</b>	June 30, 2010 (Audited)
<b>Federal tax credit outstanding</b>	<b>\$ 21,592</b>	\$ 21,592

**Grasslands Entertainment Inc.****Amended and refiled****Notes to Interim Consolidated Financial Statements****For the three and nine month periods ended March 31, 2011 and 2010****(unaudited)****5. PROPERTY AND EQUIPMENT**

<b>March 31, 2011</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Office equipment	\$ 23,126	\$ 21,908	\$ 1,218
<b>June 30, 2010 (Audited)</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Office equipment	\$ 23,126	\$ 21,554	\$ 1,572

**6. INVESTMENTS**

At March 31, 2011, investments in private companies consisted of the following:

- (a) 300,000 units of Caldera Geothermal Inc. with each unit comprising of one common share and one half share purchase warrant, exercisable at \$0.50 per share expiring on April 2, 2012.
- (b) 75 units of Enerasia Renewable Corp. with each unit comprising of \$1,000 principal amount convertible Debenture and 2,500 common share purchase warrant exercisable at \$0.20 per share expiring on April 2, 2014.

The Debentures have a term of 24 months and bear interest at the rate of 15% per annum and payable in equity securities of Enerasia Renewable Corp.

During the year-ended June 30, 2010, it was determined that the fair value of the debentures were impaired and were written down to \$1. During the year-ended June 30, 2010, \$11,737 of interest income was earned from this investment and was also written down to \$Nil.

The following is a summary of the investments held by the Company in private companies.

	<b>Mar 31, 2011</b>	<b>June 30, 2010 (Audited)</b>
Caldera Geothermal Inc.	\$ 75,000	\$ 75,000
Enerasia Renewable Corp.	1	1
	<b>\$ 75,001</b>	<b>\$ 75,001</b>

**7. CAPITAL STOCK**

	Number of Shares	Amount
<b>Authorized</b>		
unlimited number of Class A voting shares		
unlimited Class B non-voting shares		
unlimited Class C preference shares		
<b>Issued and Outstanding Class A Common Shares</b>		
Issued and Outstanding at <b>March 31, 2011 (Unaudited)</b> and June 30, 2010 (Audited)	<b>16,997,696</b>	<b>\$ 1,480,189</b>
	<b>16,997,696</b>	<b>\$ 1,480,189</b>

**8. STOCK OPTIONS**

The Company has a Stock Option Plan for the benefit of agents, directors, officers and employees. Options may be granted to purchase not more than 2,514,255 of the common shares of the Company at the discretion of the Board of Directors. The Company has no options outstanding as at March 31, 2011. The Plan permits options to be granted by the Directors of the Company for a term not exceeding five (5) years at a price not lower than the lower of market price less the TSX permitted discount, or minimum per share price specified by the TSX. Options are exercisable for Common shares and generally vest immediately or over a three year period on the basis of one third per year on each of the first three grant anniversary dates and are generally available for five years.



**Grasslands Entertainment Inc.****Amended and refiled****Notes to Interim Consolidated Financial Statements****For the three and nine month periods ended March 31, 2011 and 2010****(unaudited)****8. STOCK OPTIONS (Cont'd)**

A summary of the Company's outstanding stock options as of March 31, 2011 and the changes during the period then ended is presented below:

	<b>Number of Options</b>	<b>Weighted Average Exercise price</b>
Outstanding at June 30, 2010 (Audited)	350,800	\$ 0.10
Expired, unexercised during the period	(350,800)	\$ (0.10)
<b>Outstanding at March 31, 2011</b>	<b>NII</b>	<b>\$ 0.00</b>

**Contributed Surplus**

	<b>Amount</b>
Contributed surplus:	
Balance at June 30, 2010 (Audited)	\$ 16,331
Expired Warrants	24,549
<b>Balance at March 31, 2011</b>	<b>\$ 40,880</b>

**9. WARRANTS**

A summary of the Company's outstanding warrants as of March 31, 2011 and the changes during the period then ended is presented below:

	Number of Warrants	Weighted Average Exercise price
Outstanding and exercisable at June 30, 2010 (Audited)	2,213,680	\$ 0.10
Expired, unexercised during the period	(2,213,680)	\$ (0.10)
<b>Outstanding at March 31, 2011</b>	<b>Nil</b>	<b>\$ 0.00</b>

The outstanding warrants expired on December 12, 2010.

**10. CONTINGENCY**

There is a possible claim against the company as at March 31, 2011 with regards to a contract signed over 10 years ago for the "Thirsty Traveller I" television series. The Company is examining alternatives for determining the validity of the claim and its ultimate disposition. The Company believes the claim is without merit and has quantified the maximum exposure at \$60,000. No provision has been made in the financial statement, as the outcome is not determinable.

**11. RELATED PARTY TRANSACTIONS**

During the nine month period ended March 31, 2011 the Company paid a director and executive officer of the Company a total of \$27,000 (2010 - \$34,000) for services provided in managing the Company.

These transactions occurred in the normal course of operations and have been recorded at the exchange amount being the amount of consideration agreed by the parties.

**12. FINANCIAL INSTRUMENTS****Risk Management Policies**

The Company is exposed to risk due to the nature of its financial instruments. Risk management is the responsibility of management and the Company did not use derivative instruments to manage risks.

**Fair Value**

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

As at March 31, 2011, the carrying value of term deposit is considered to approximate fair value since it bears interest at current rates for similar types of borrowing arrangements or investments.

The fair value of investments has not been disclosed because of the unavailability of a quoted market price.

**Credit Risk and Interest Rate Risk**

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risk arising from its financial instruments.

**Price Risk**

All investments in securities present a risk of loss of capital. Management mitigates this risk through careful selection of securities within specified limits. The maximum risk for financial instruments owned by the Company is determined by the fair value thereof. As at March 31, 2011, the Company has invested in equity securities of private companies. Equities are susceptible to market price risk arising from uncertainties about future prices of those instruments.

**12. FINANCIAL INSTRUMENTS (Cont'd)**

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 13 ("Capital Disclosures"). It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at March 31, 2011, the Company was holding cash and cash equivalents and term deposits of \$76,888. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be high and will have to complete an equity raise to secure additional funding.

**Foreign Exchange**

The Company is not exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. All of the Company's expenses are denominated in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**13. CAPITAL DISCLOSURES**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern for the benefit of its shareholders.

In order to maintain capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive stock options. In the management of capital, the Company includes the components of shareholders' equity.

The Company prepares annual estimates of expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company currently has sufficient capital to cover its administrative costs for the next year. The Company is not subject to any externally imposed capital requirements.

**14. PENDING ACQUISITION**

On January 20, 2011, the Company entered into an arm's length binding letter agreement as amended May 31, 2011 (the "Agreement") with Lakeside Minerals Corp. ("Lakeside" or "TargetCo."), a non-reporting issuer incorporated under the laws of the Province of Ontario on August 21, 2007, pursuant to which Grasslands will, subject to a number of conditions, acquire all of the issued and outstanding securities of Lakeside. The transaction will constitute a reverse takeover (the "RTO") of Grasslands under the policies of the TSX Venture Exchange (the "Exchange"). Foundation Opportunities Inc. ("FOI") is a controlling shareholder of Lakeside, and this Agreement shall supersede and terminate any prior agreements between Grasslands and Foundation Financial Holding Corp. (the parent company of FOI) in respect of any potential reverse takeover transaction.

Pursuant to the Agreement, Grasslands has agreed to form a new corporation ("Newco") for the purpose of amalgamating with TargetCo. Newco will be a wholly-owned subsidiary of Grasslands and will be created under the Business Corporations Act (Ontario). As a condition of the amalgamation, Grasslands will hold a meeting (the "Meeting") of the shareholders (the "Grasslands Shareholders") of Grasslands to approve the RTO pursuant to the rules and policies of the Exchange. The shareholders will also be asked to approve a consolidation (the "Share Consolidation") of the Class A voting shares of Grasslands on a five (5) old shares ("Pre-Consolidated Shares") for one (1) new share basis (a "Consolidated Share"). If approved, the Share Consolidation shall become effective prior to completion of the RTO. At the meeting, Lakeside shall have the right to nominate up to seven (7) new directors for a board of directors of Grasslands (the "Board") comprised of seven (7) directors.

Upon the amalgamation of TargetCo. and Newco, holders of common shares in the capital of TargetCo. ("TargetCo. Shares") will be entitled to receive one (1) Consolidated Share for each TargetCo. Share (the "Consideration Ratio"). The foregoing Consolidated Shares will be issued at an ascribed price of \$0.175 per Consolidated Share. Currently, TargetCo has 14,185,100 shares issued and outstanding as at the date hereof. TargetCo has options on 9 properties in Quebec, Canada.

**15. REVISION TO FINANCIAL STATEMENTS**

The financial statements have been revised to reclassify an amount from Share Capital to Contributed Surplus.

**GRASSLANDS ENTERTAINMENT INC.**

**“Amended and refiled”**

**Management Discussion and Analysis**

**Form 51-102F1**

**Three month and nine month period-ended March 31, 2011**

**1. Date: July 5, 2011**

This Management Discussion and Analysis (“MD&A”) of the financial position and results of operations of Grasslands Entertainment Inc. (“Grasslands” or the “Company”) is for the three and nine month periods ended March 31, 2010. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended June 30, 2010 and June 30, 2009. This discussion should not be considered all inclusive as it excludes changes that may occur in general economic, political and other conditions. The consolidated financial statements of the Company are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

*In various places in the MD&A, management’s expectations regarding future performance is discussed. These “forward-looking” statements are based on currently available competitive, financial and economic data and operating plans, but are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations or financial position of the Company, as well as statements preceded by, followed by, or that include the words “believes”, “expects”, “anticipates”, “estimates”, “projects”, “intends”, “should”, or similar expressions. These statements, by their very nature, are not guarantees of the Company’s future operational or financial performance, and are subject to risks, uncertainties and other important factors that could cause the Company’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. Management believes that the expectations reflected in its forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and forward-looking in the MD&A should not be unduly relied upon. Forward looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur.*

*The forward-looking statements contained herein are expressly qualified by this cautionary statement.*

## 2. General Development of the Business

The Company is a reporting issuer in the provinces of British Columbia and Alberta and its common shares trade on the TSX Venture Exchange under the symbol TSX-V: GEE.

Prior to October 1, 2007, Grasslands has generated revenue from the production and licensing of television programming both domestically and internationally. This had been the Company's core business. Growth and profitability were dependent on the continued ability to develop storylines and concepts for television programming. The Company had generated revenue by licensing internally produced programming to various broadcasters and buyers worldwide. The Company has retained the rights to proprietary programming for exploitation in future periods, markets and media formats.

In May 2007 the Company announced that it was reviewing alternatives to maximize share value. This announcement was motivated by the difficulty the Company was experiencing in attracting sufficient broadcaster interest in further productions of the "Thirsty Traveler" as well as the impending departure of an executive officer of the Company. In addition, the serial production of "Eat, Shrink & Be Merry", beyond the initial season, was terminated.

On December 12, 2008 the Company announced it had completed a private placement ("Private Placement") of 4,427,360 units at an issue price of \$0.05 per unit for gross proceeds of \$221,238. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the date of issue. The net proceeds of the Private Placement will be used to fund general working capital.

As of this period-end no television programming productions are underway or planned by the Company and definitive alternatives to enhance share value are being reviewed.

### Selected Financial Information and Management's Discussion and Analysis

#### Overall Performance

Managements' efforts during the year have been predominantly focused on the search for and investigation of alternatives to maximize share value. The first results from this effort can be seen in the closing of a Private Placement of common shares and warrants in the period ended December 31, 2008. The outlook for 2010-11 does not anticipate Grasslands producing any further television series or television production related contracts. Review of the alternative business directions is underway and will continue throughout the remainder of the year.

#### Selected Financial Information

##### Annual Information

The fiscal year end of the Company is June 30. The following table summarizes Grasslands annual financial results for the years ended June 30, 2010 and 2009 and 2008.

	Year ended June 30, 2010	Year ended June 30, 2009	Year ended June 30, 2008
Total revenues	\$ 18,894	\$ 113,867	\$ 741,038
Net Loss	\$ (285,048)	\$ (262,184)	\$ (268,510)
Total assets	\$ 275,601	\$ 581,642	\$ 630,620
Total long term liabilities	\$Nil	\$Nil	\$Nil
Cash dividends declared	\$Nil	\$Nil	\$Nil

## Management Discussion and Analysis

### Overview

This MD&A provides analysis of Grassland's financial results for the three and nine month periods ended March 31, 2011 and March 31, 2010. The following information should be read in conjunction with the audited financial statements of Grassland's for the year-ended June 30, 2010 and June 30, 2009 (and the notes thereto).

### Summary of Quarterly Results

The following table sets out selected unaudited financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada, for each of the last eight quarters. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

Period	2011	2010	2010	2010
Ending	Mar 31	Dec 31	Sept 30	June 30
Revenue	5,237	0	7,256	5,206
Working Capital	104,831	128,911	123,576	136,018
Expenses	29,435	(5,217)	19,816	174,065
Net Income (Loss)	(24,198)	5,217	(12,560)	(165,781)
Net Loss (per Share)	(0.001)	(0.00)	(0.00)	(0.02)

Period	2010	2009	2009	2009
Ending	Mar 31	Dec 31	Sept 30	June 30
Revenue	6,080	3,125	4,483	43,310
Working Capital	166,130	266,032	315,266	345,392
Expenses	48,462	55,466	37,686	150,495
Net (Loss)	(39,570)	(49,402)	(30,295)	(107,185)
Net Loss (per Share)	(0.00)	(0.00)	(0.00)	(0.02)

### Results of Operations

The following summarizes and compares the change in selected financial information for the three and nine month periods ended March 31, 2011 and March 31, 2010.

#### Revenue

Revenue for both the three and nine month periods ended March 31, 2011 from television production was nil as production has been completely shut down. There was no contract editing and commercial production income (2011 - \$Nil vs. 2010 - \$Nil) which was derived from music royalties received from SOCAN.

The Company has no plans for future productions of television series and expects only nominal sales applicable to past productions.



Sources and magnitude of future revenues will be dependent on the identification and execution of alternative business direction which was defined in a letter of intent the Company signed on January 20, 2011. At that time GEE announce that it has entered into a letter of intent with an Ontario incorporated private company Lakeside Minerals Corp. ("Lakeside") pursuant to which Grasslands and TargetCo. have agreed to complete a business combination to form a new company ("Newco"). The business combination shall constitute a Reverse Takeover (the "RTO") of the Company as defined in the policies of the TSX Venture Exchange (the "TSX-V").

### **General & Administrative Expenses**

General and Administrative ("G&A") costs for the three-month period ended March 31, 2011 were \$29,317 compared to \$48,294 for the three month period ended March 31, 2010 while G&A costs for the nine month period ended March 31, 2011 were \$43,680 compared to \$141,111 for the nine months ended March 31, 2010. The decreases of \$18,977 for the three month period and the decrease of \$97,431 for the nine month periods were achieved by the Company implementing cost-cutting measures on various expenditures to preserve its remaining cash balance until the business combination letter of intent mentioned above could be completed. Management consulting fees have been cut for the last year, and the total expense for the CEO and CFO for this three-month period was the same in this 2011 period as in 2010 (2011 - \$13,500 vs. 2010 - \$13,500). The CEO and CFO of the Company are paid as consultants rather than as employees of the Company. For the nine month period management consulting fees dropped by \$16,000 over 2010 (2011 - \$40,500 vs. 2010 - \$56,500). The Company had reduced the amounts paid to the CEO and CFO resulting in this decrease to preserve cash. The Company has no employees. Rent expense was nil in the three month period ended March 31, 2011 as the Company no longer rents office space and this is the same for the nine month period ended March 31, 2011. The Company stopped paying rent in early 2010. This saved the Company \$21,472 over the same nine month period ended 2010. Professional fees, which includes legal and audit fees, have decreased in this three month period by \$5,671 (2011 - \$3,106 vs. 2010 - \$8,777) as the Company has been trying to minimize its legal fees with regards the due diligence costs associated with the transaction with Lakeside. Professional fees for the nine month period dropped by \$49,478 (2011 - \$(19,620) vs. 2010 - \$29,858). This drop was a result of legal fee accruals which were re-negotiated by the Company's management in the prior period. Fees paid by the Company to the Venture exchange decreased in both the three and nine month periods as the Company has only paid its annual sustaining fee. In 2010 the Company paid an additional \$7,500 to the Venture Exchange in connection with the RTO it had entered into.

### **Impairment of Investments**

The Company wrote off completely one of the two investments it had made in the June 30, 2010 year. The Company had invested \$75,000 in Enerasia Renewable Corp. The investment consisted of debentures that had a term of 24 months and paid 15% interest per annum.

During the year it was determined that this investment was impaired and as such the Company has written it down to \$1. Also written off completely was \$14,062 in accrued interest.

The Company was unable to confirm with any certainty that the investment with Enerasia Renewable Corp. would be repaid. Therefore the Company provided for this investment to be conservative and since there is a chance for repayment in the future it will report any recovery as income at that time.

### **Amortization of television programs**

Amortization of programs is determined based on a revenue realized basis, under which a current period's license revenue is compared to estimated lifetime license revenues of individual programs. There was minimal license revenue in the current year and, as a result of additional government credits applied for, a portion of previous amortization expense was reversed in the year resulting in a net expense recovery.

As of December 31, 2009 the Company had written-down to nil the value of its investment in television programs as it will no longer produce any programs. Therefore there was no expense in the current 2010-2011 period.

### **Amortization of Property & Equipment**

The decrease in amortization for the period-ended March 31, 2011 is due to the fact that the remaining net book value of the editing suite was written off at December 31, 2009 and the only remaining equipment was some office equipment. The amortization for three and nine month periods ended March 31, 2011 was \$118 and \$354 respectively compared to \$168 and \$505 for the same periods of 2010.

### **Liquidity and Capital Resources**

The Company defines the capital that it manages as its shareholders' equity. The Company's objective in managing its capital, in the immediate term, is to safeguard its ability to maintain its existence while pursuing strategies that might enhance the longer term value of the shareholders' equity and to not expose the Company to excess risk in doing so.

The Company does not have sufficient cash resources and working capital to meet its immediate planned operational needs in the upcoming year of completing the proposed RTO that it has been working on for the past year and will have to complete an equity raise to secure additional funding. It's working capital at March 31, 2011 was \$104,831. The Company has not negotiated bank lines of credit or other financing resources. The Company has no capital commitments for the upcoming 2011 year.

### **Off Balance Sheet Arrangements**

As at March 31, 2011, the Company had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

### **Transactions with Related Parties**

During the three-month period ended March 31, 2011 the Company paid James Ripley, a director and executive officer of Grasslands, a total of \$9,000 (2010 - \$9,000) for services provided in managing the Company and for the nine month period ended March 31, 2011 this was \$27,000 (2010 - \$27,000).

These transactions have been recorded at the exchange amount being the amount of consideration agreed by the parties.

### ***Disclosure of Outstanding Share Capital***

As at March 31, 2011, there are 16,997,696 common shares outstanding.

There are no warrants or stock options outstanding under the Company's Stock Option Plan as the remaining outstanding warrants and stock options from September 30, 2010 expired unexercised on December 12, 2010.

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

For information regarding critical accounting estimates used by the Company, please see Note 2 of the audited financial statements of Grasslands for the year-ended June 30, 2010.

### ***Recent Accounting Pronouncements***

Recent accounting pronouncements issued but not yet effective:

#### **Consolidated Financial Statements and Non-Controlling Interests**

The CICA recently introduced Handbook Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which will replace Handbook Section 1600 – Consolidated Financial Statements establishing a new section for accounting for a non-controlling interest in a subsidiary. These new sections apply to interim and annual consolidated statements for the years beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of these standards on its financial statements.

#### **Business combinations**

The CICA recently introduced Handbook Section 1582 – Business Combinations to replace Handbook Section 1581 – Business Combinations. The new standard will become effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of this standard on its financial statements.

#### **International Financial Reporting Standards**

In January 2006, the Canadian Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS for fiscal years beginning on or after January 1, 2011. The Company has a June 30 year end, and accordingly would need to prepare annual and interim financial statements relating to fiscal year beginning on July 1, 2011 and ending on June 30, 2012, in accordance with IFRS. This in turn will require IFRS comparatives for the fiscal year beginning on July 1, 2010 and ending on June 30, 2011. As such, July 1, 2010 is the effective date of transition for the Company. For 2010-11, information will have to be gathered in accordance with both existing Canadian GAAP and IFRS.

The Company has formally established a transition plan and project implementation team. As an update to our previously filed annual and quarterly MD&A, management undertook a preliminary review of the impact of IFRS on the Company's financial statements.

The objective of this review was to highlight, initially, all potential differences that are significant to the Company. The Company is in the process of completing a detailed diagnostic plan which includes identifying significant accounting policy differences and their related areas of impact in terms of systems, procedures and financial statements. Differences between IFRS and Canadian generally accepted accounting principles (GAAP), in addition to those referenced below, may continue to be identified based on further detailed analysis by the Company and other changes to IFRS prior to the Companies conversion to IFRS in 2011-12. The Company will continue to review all proposed and continuing projects of the International Accounting Standards Board to determine their impact and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Set out below are some of the key areas which indicate accounting differences, and where changes in accounting policies are expected that may materially impact the Company's consolidated financial statements. The list and comments should not be regarded as a complete list of changes that will result from a transition to IFRS. It is intended to highlight the more significant areas we have identified to date. Analysis of changes is still in process and not all decisions have been finalized where choices of accounting policies are available.

#### Accounting Policy Impact and Decisions

##### Business combinations

IFRS 1 provides an exemption that allows Companies transitioning to IFRS to not restate business combinations entered into prior to the date of transition. The Company is currently evaluating this option.

##### Share-based payments

IFRS 1 provides an exemption that allows Companies not to apply IFRS 2 Share-based Payment to options granted before November 2002, as well as to options granted after November 2002, but vested prior to transition. The Company is currently evaluating this option.

##### Equipment

In view of the component accounting that is strictly applied under IFRS, the Company will need to ascertain if items of property, plant and equipment would need further componentization. It may be likely that certain items of equipment could include components that need to be accounted and depreciated separately.

##### Impairment of Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists, and then measuring impairment by comparing asset carrying values to their fair value (which is calculated using discounted cash flows).

IAS 36 Impairment of Assets (IAS 36) uses a one-step approach for testing and measuring impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted cash flows). This may potentially result in write-downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. This difference could lead to income statement and earnings volatility in future periods. The Company is currently assessing the implications of the difference in the impairment approach.

## Provisions

The Company is currently assessing the requirements of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", to determine whether all its provisions meet the "probable" recognition criteria under IFRS, and whether any additional provisions are required.

## ***Pending Acquisition***

On January 20, 2011, the Company entered into an arm's length binding letter agreement as amended May 31, 2011 (the "Agreement") with Lakeside Minerals Corp. ("Lakeside" or "TargetCo."), a non-reporting issuer incorporated under the laws of the Province of Ontario on August 21, 2007, pursuant to which Grasslands will, subject to a number of conditions, acquire all of the issued and outstanding securities of Lakeside. The transaction will constitute a reverse take-over (the "RTO") of Grasslands under the policies of the TSX Venture Exchange (the "Exchange"). Foundation Opportunities Inc. ("FOI") is a controlling shareholder of Lakeside, and this Agreement shall supersede and terminate any prior agreements between Grasslands and Foundation Financial Holding Corp. (the parent company of FOI) in respect of any potential reverse takeover transaction.

Pursuant to the Agreement, Grasslands has agreed to form a new corporation ("Newco") for the purpose of amalgamating with TargetCo. Newco will be a wholly-owned subsidiary of Grasslands and will be created under the Business Corporations Act (Ontario). As a condition of the amalgamation, Grasslands will hold a meeting (the "Meeting") of the shareholders (the "Grasslands Shareholders") of Grasslands to approve the RTO pursuant to the rules and policies of the Exchange. The shareholders will also be asked to approve a consolidation (the "Share Consolidation") of the Class A voting shares of Grasslands on a five (5) old shares ("Pre-Consolidated Shares") for one (1) new share basis (a "Consolidated Share"). If approved, the Share Consolidation shall become effective prior to completion of the RTO. At the meeting, Lakeside shall have the right to nominate up to seven (7) new directors for a board of directors of Grasslands (the "Board") comprised of seven (7) directors.

Upon the amalgamation of TargetCo. and Newco, holders of common shares in the capital of TargetCo. ("TargetCo. Shares") will be entitled to receive one (1) Consolidated Share for each TargetCo. Share (the "Consideration Ratio"). The foregoing Consolidated Shares will be issued at an ascribed price of \$0.175 per Consolidated Share. Currently, TargetCo has 14,185,100 shares issued and outstanding as at the date hereof. TargetCo has options on 9 properties in Quebec, Canada.

## ***Disclosure Controls and Procedures***

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Grassland's Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2011. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim filings, are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

**SCHEDULE "G"**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF GRASSLANDS ENTERTAINMENT**  
**INC.**



## **Management Discussion and Analysis for the financial quarter ended June 30, 2008**

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This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Grasslands Entertainment Inc. ("Grasslands" or the "Company") for the quarter and financial year ended June 30, 2008 and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended June 30, 2008. This discussion should not be considered all inclusive as it excludes changes that may occur in general economic, political and other conditions. The consolidated financial statements of the Company are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

This MD&A was reviewed and approved by the Company's Audit Committee and Board of Directors and is effective as of October 28, 2008. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

*In various places in the MD&A, management's expectations regarding future performance is discussed. These "forward-looking" statements are based on currently available competitive, financial and economic data and operating plans, but are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations or financial position of the Company, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should", or similar expressions. These statements, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks, uncertainties and other important factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. Management believes that the expectations reflected in its forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and forward-looking in the MD&A should not be unduly relied upon. Forward looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur.*

*The forward-looking statements contained herein are expressly qualified by this cautionary statement.*

## 1. Description of Business

Historically Grasslands has generated revenue from the production and licensing of television programming both domestically and internationally. This had been the Company's core business. Growth and profitability were dependent on the continued ability to develop storylines and concepts for television programming. The Company retains the rights to proprietary programming for exploitation in future periods, markets and media formats. There are various sources of investment, including broadcast license fees, government assistance and financing from equity investors. Equity investors can be co-producers, broadcasters, government agencies and organizations such as Canadian Audio Visual Certification Office and the Alberta government. The Company has generated revenue by licensing internally produced programming to various broadcasters and buyers worldwide.

In May, 2007 the Company announced that it was reviewing alternatives to maximize share value. This announcement was motivated by the impending departure of an executive officer of the Company who held positions as vice president, COO and director of the Company, as well as the difficulty the Company was experiencing in attracting sufficient broadcaster interest in further productions of the "Thirsty Traveler". In addition, the serial production of "Eat, Shrink & Be Merry" by Grasslands, beyond the initial season was in doubt.

At the time of this MD&A no productions are underway or planned by the Company and definitive alternatives to enhance share value are being reviewed.

On September 29, 2008 the Company announced it had entered into an agreement contemplating a private placement of 5,000,00 units at an issue price of \$0.05 per unit. Each unit is to be comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the date of issue. If the issue is successful the proceeds of the private placement will be used to fund general working capital. The private placement is subject to regulatory and corporate approvals and the delivery of executed subscription agreements.

The Company is a reporting issuer in the provinces of British Columbia and Alberta and its common shares trade on the TSX Venture Exchange under the symbol GEE.

## 2. Selected Annual Information

**Table 1:** Financial data from the Company's statements for each of the three most recently completed financial years:

Description	2008	2007	2006
Total revenue	\$ 741,038	\$ 835,904	\$ 876,617
Amortization of investment in television programs	573,675	864,463	565,131
Net income (loss) before income taxes	(268,510)	(181,421)	100,203
Net income (loss)	(268,510)	(305,608)	97,085
Net income (loss) – per share	(0.02)	(0.02)	0.01
Total assets	630,620	1,347,514	1,253,983
Net Working Capital	534,159	301,331	525,387
Total shareholders' equity	607,266	871,948	1,173,728



### **3. Results of Operations**

Total revenue has declined marginally in each of the past three years. Total revenue in 2008 included the sale of the fifth series of Thirsty Traveler completed in the first quarter while 2007 included the completion of the first series of Eat, Shrink & Be Merry. Fiscal 2008 experienced a decrease in revenue from international sales from 2007 by \$85,976 to \$14,235. This was attributable to declining sales of broadcast rights outside of North America and Asia. The reduced level of international sales experienced in 2008 is expected to continue through 2009 and likely decline in subsequent years. Other sources of revenue in 2008 included the completion of a corporate video under a production contract and execution of an editing contract. Neither of these contracts is expected to be continued after the 2008 fiscal year end.

Amortization expense is directly related to the sale of production licenses and any write down of capitalized production costs. In both 2007 and 2008 amortization expense exceeded proceeds from the sale of broadcast licenses as management estimates of future sales of existing productions were adjusted downward and capitalized costs were written down accordingly.

### **4. Financial Condition**

Total assets decreased from \$1,347,514 in 2007 to \$630,620 in 2008. The decrease in total assets was primarily the result of amortization and write down of the investment in television programs.

At the same time net working capital has increased from \$301,331 at June 30, 2007 to \$534,159 at year end 2008. The increase in net working capital was primarily the result of recognizing deferred revenue from the fifth season of "Thirsty Traveler".

### **5. Overall Performance and Outlook**

The company negotiated an editing contract in the second quarter of 2008 and this work was completed by June 30, 2008. Otherwise, managements' effort during the year has been predominantly focused on the search for and investigation of alternatives to maximize share value.

The outlook for 2009 does not anticipate Grasslands producing any further television series or television production related contracts. Grasslands management will continue to examine, select and hopefully implement strategic alternatives available to the Company to maximize share value.

## 6. 2008 Results of Operations

**Table 2:** Summary of other financial information from the year ended June 30, 2008 to June 30, 2007. Notes provide a further explanation of significant changes and trends in the business of the Company. For additional analysis and comments see 2., 3. and 4. above.

	June 30 2008	June 30 2007	Positive (Negative)		Note Reference
			\$	%	
General & administrative expense	\$ 291,779	\$ 111,791	\$ 179,988	161.0	Note 1
Amortization of television programs	\$ 573,675	\$ 864,463	(\$ 290,788)	(33.6)	Note 2
Amortization of property & equipment	\$ 16,300	\$ 22,790	\$ 6,490	(28.5)	Note 3
Other Production costs	\$ 123,807	\$ 15,844	\$ 107,963	681.4	Note 4
Foreign exchange gain (loss)	\$ (159)	\$ 1,391	(\$ 1,550)	(111.4)	

### Note 1 – General & Administrative Expenses

Prior to October 1, 2007 the office expenses of Grasslands include costs associated with producing television programming and the general and administrative expenses of operating and managing the Company. Costs associated with productions were allocated to the production, based on estimates by management, and either capitalized or expensed depending on the nature of the production. The expenses remaining after this allocation are reported as General and Administrative expenses.

The \$179,986 increase in General and Administrative expenses in 2008 as compared to 2007, was primarily attributable to not allocating any general and administrative expenditures to productions in the last three quarters of 2008. In 2007, \$276,950 in costs associated with producing television programming was allocated to production assets while, in 2008, this allocation was only \$34,132. This decrease in allocation of costs was partially offset by reduced expense incurred in several expense categories the most significant being payroll expense which decreased from \$200,903 in 2007 to \$106,836 in 2008.

### Note 2 – Amortization of television programs

Amortization of programs is determined based on a revenue realized basis, under which a current period's license revenue is compared to estimated lifetime license revenues of individual programs. Amortization of program in 2007 included \$606,180 of revenue related amortization on the completion of Eat, Shrink & Be Merry, \$74,649 attributable to international sales of Thirsty Traveler series and \$183,635 applicable to a write down of the asset value of the Thirsty Traveler series. Amortization of program in 2008 included \$497,679 of revenue related amortization on the completion of the fifth series of Thirsty Traveler and \$35,111 applicable to additional write down of the asset value of the Thirsty Traveler series and a \$40,885 write down of the Eat, Shrink & Be Merry series.

### Note 3 – Amortization of Property & Equipment

The decrease was attributable to the application of the declining balance method used to amortize office equipment and the editing equipment. This method applies a fixed rate of amortization to a reduced unamortized cost balance as these assets age.

#### Note 4 – Other Production Costs

The increase from 2007 to 2008 relates to costs incurred in completing an editing contract, on an independent television production, and the delivery of a commercial production in 2008. Similar projects were not undertaken in 2007.

### 7. Summary of Quarterly Operating Results

Table 3: selected financial information for each of the eight most recently completed quarters.

Financial Quarter	Total Revenue	Net Income (Loss) \$	Net Income \$/share
Quarter 4 – June 30, 2008	\$ 61,376	\$ (153,220)	\$ (0.02)
Quarter 3 – March 31, 2008	\$ 42,140	\$ (92,694)	\$ (0.01)
Quarter 2 – December 31, 2007	\$ 126,502	\$ (51,775)	\$ -
Quarter 1 – September 30, 2007	\$ 511,020	\$ 29,179	\$ -
Quarter 4 – June 30, 2007	\$ 627,939	\$ (203,724)	\$ (0.02)
Quarter 3 – March 31, 2007	\$ 129,543	\$ (96,682)	\$ (0.01)
Quarter 2 – December 31, 2006	\$ 58,251	\$ 9,664	\$ -
Quarter 1 – September 30, 2006	\$ 20,171	\$ (14,866)	\$ -

Significant variations in revenue, amortization and, ultimately, net income are experienced from quarter to quarter. Revenue and amortization are recognized in accordance with the accounting principals described in the Notes to the financial statements. Television programming production, involving a multi episode series are produced over several quarters. The bulk of revenue and corresponding amortization applicable to a series are recognized in the quarter that revenue recognition parameters are achieved. During the fiscal third quarter of 2007 and fourth quarter of 2008, substantial reductions were made to managements' estimates of future production revenue potential of existing productions. This resulted in additional amortization being recorded which, in turn, resulted in the losses reflected in these quarters.

### 8. Liquidity and Capital Resources

Table 4: Comparison of Balance Sheet Accounts - summary of the change in certain balance sheet items from the year ended June 30, 2007 to June 30, 2008. Notes provide a further explanation of significant changes and trends in the business of the Company.

	June 30 2008	June 30 2007	Increase (Decrease)		Note Reference
			\$	%	
Cash & cash equivalents	\$ 372,842	\$ 58,905	\$ 313,937	533.0	Note 1
Accounts receivable	\$ 3,425	\$ 240,113	(\$ 236,690)	(98.6)	Note 2
Government assistance receivable	\$ 170,657	\$ 444,212	(\$ 273,555)	(61.6)	Note 3
Current assets	\$ 557,513	\$ 776,897	(\$ 219,384)	(28.2)	
Deferred Revenue	-	\$ 327,946	(\$ 327,946)	(100.0)	Note 4
Current Liabilities	\$ 23,354	\$ 475,566	(\$ 452,212)	(95.1)	
Working Capital	\$ 534,159	\$ 301,331	\$ 232,828	77.3	Note 5
Investments in television programming	\$ 34,238	\$ 515,448	(\$ 481,210)	(93.4)	

**Note 1 – Cash and cash equivalents**

Cash & cash equivalents increased from June 30, 2007 as final invoice amounts and government assistance relating to the completed "Thirsty Traveler V" were received in 2008. In addition, cash expenditures on investment in television programming were significantly lower in 2008 as no new productions were undertaken during the year.

**Note 2 – Accounts Receivable**

The decrease in accounts receivable from the 2007 year end to that date in 2008 is attributable to the final billings of the completed production "Eat, Shrink & Be Merry" being outstanding at June 30, 2007 and collected in 2008. Also, no new productions were undertaken in 2008 resulting in no significant production related amounts being outstanding at June 30, 2008.

**Note 3 – Government assistance receivable**

The decrease in government assistance receivable from June 30, 2007 to that date in 2008 is attributable to the receipt of certain grants and tax credits during 2008 while minimal new government assistance receivables were added during the year.

**Note 4 – Deferred Revenue**

The amount reported as deferred revenue reflects advance payments received from broadcasters and other customers which were not earned until the completion and delivery of video or television programming to which the advance relates. Deferred revenue at June 30, 2007 is associated with the program "Thirsty Traveler V" which was incomplete at that year end date. Deferred revenue from "Thirsty Traveler V" was fully recognized in 2008 and there was no deferred revenue at June 30, 2008.

**Note 5 – Working Capital**

The increased working capital is a result of final receipts relating to the recently completed "Thirsty Traveler V" being received by the Company in 2008. Also, cash expenditures for production assets were significantly lower in 2008 as no new productions were undertaken during the year.

**Table 5:** comparison of the changes in certain cash flows items from the year ended June 30, 2007 to the changes in those items at year end 2006.

	June 30 2007	June 30 2007	Increase (Decrease)	
			\$	%
Cash provided by operating activities	\$ 406,402	\$ 604,401	\$ 197,999	(32.8)
Cash used in investing activities	\$ 92,465	\$ 854,719	\$ (762,254)	(89.2)

The Company defines the capital that it manages as its shareholders' equity. The Company's objective in managing its capital, in the immediate term, is to safeguard its ability to maintain its existence while pursuing strategies that might enhance the longer term value of the shareholders' equity and to not expose the Company to excess risk in doing so. The Company believes that it has sufficient cash resources and working capital to meet its immediate planned operational needs over the upcoming year.

The Company has no long term lease, debt or purchase obligations.

## **9. Capital Resources**

The Company has not negotiated bank lines of credit or other financing resources. The Company has no capital commitments for the upcoming 2009 year.

## **10. Transactions with Related Parties**

The Company recognizes the need to attract and retain talented and motivated creative and managerial personnel. Employment contracts, salary and bonus packages and stock options are used to design compensation packages.

During the year, the Company paid James Ripley and Bryan Smith, of whom, at June 30, 2008, only James Ripley was a director and executive officer of Grasslands, a total of \$99,359 (2007: \$186,000) for services provided in producing the television shows and managing the Company.

In addition, James Ripley is party to a separate employment agreement with the Corporation that provides for payment of annual base salary and participation in benefits as provided by the Corporation. Upon termination of the executive officer by the Corporation for any reason other than cause or occurrence of a change of control of the Corporation not supported by the executive officer, then such executive officer is entitled to a payment, at the date of termination, equal to \$168,000, plus an amount equal to the costs to the Company for one year for benefits.

Also, as at June 30, 2008, Mr. Ripley had no stock options outstanding. No options were issued to or exercised by these individuals during the year ended June 30, 2008.

Effective on September 15, 2007 Mr. Bryan Smith terminated his employment with Grasslands and resigned from the Company's board of directors. No amounts were paid out to Mr. Smith as termination payments under his employment agreement.

## **11. Fourth Quarter**

Activity in the fourth quarter of 2008 primarily involved examining strategic alternatives available to the Company to maximize share value. Activity in the fourth quarter of 2007 included the completion of the series Eat, Shrink & Be Merry as well as ongoing work that resulted in the completion of the fifth series of Thirsty Traveler in the first quarter of 2008.

Selected financial data from the Company's statements for the quarters ended June 30, 2008 and 2007 has been set out in previous tables of this MD&A.

## 12. Share Capital

Common shares outstanding of 12,570,336 reflect no additional issues of common shares. There are stock options outstanding, issued under the Company's Stock Option Plan, as reflected in the following table.

**Table 6:** details with respect to outstanding stock options to purchase Common Shares in the capital of the Corporation as at June 30, 2008.

<b>Optionee Category (Number of Optionees)</b>	<b>Number of Common Shares Reserved under Option</b>	<b>Date of Grant</b>	<b>Expiry Date</b>	<b>Exercise Price Per Common Share</b>
Executive Officers				
Directors (who are not Executive Officer)	75,000	May 15, 2005	May 15, 2010	\$0.10
Consultants	100,000	May 15, 2005	May 15, 2010	\$0.10
<b>Total</b>	<b>175,000</b>			

## GRASSLANDS ENTERTAINMENT INC.

Management Discussion and Analysis  
Period ended: June 30, 2009

Form 51-102F1

### 1. Date: October 22, 2009

This Management Discussion and Analysis ("MD&A") of the financial position and results of operations of Grasslands Entertainment Inc. ("Grasslands" or the "Company") is for the year ended June 30, 2009. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended June 30, 2009. This discussion should not be considered all inclusive as it excludes changes that may occur in general economic, political and other conditions. The consolidated financial statements of the Company are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

*In various places in the MD&A, management's expectations regarding future performance is discussed. These "forward-looking" statements are based on currently available competitive, financial and economic data and operating plans, but are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations or financial position of the Company, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should", or similar expressions. These statements, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks, uncertainties and other important factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. Management believes that the expectations reflected in its forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and forward-looking in the MD&A should not be unduly relied upon. Forward looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur.*

*The forward-looking statements contained herein are expressly qualified by this cautionary statement.*

## 2. General Development of the Business

Historically Grasslands has generated revenue from the production and licensing of television programming both domestically and internationally. This had been the Company's core business. Growth and profitability were dependent on the continued ability to develop storylines and concepts for television programming. The Company had generated revenue by licensing internally produced programming to various broadcasters and buyers worldwide. The Company has retained the rights to proprietary programming for exploitation in future periods, markets and media formats.

In May 2007 the Company announced that it was reviewing alternatives to maximize share value. This announcement was motivated by the difficulty the Company was experiencing in attracting sufficient broadcaster interest in further productions of the "Thirsty Traveler" as well as the impending departure of an executive officer of the Company. In addition, the serial production of "Eat, Shrink & Be Merry", beyond the initial season, was terminated.

On December 12, 2008 the Company announced it had completed a private placement ("Private Placement") of 4,427,360 units at an issue price of \$0.05 per unit for gross proceeds of \$221,238. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the date of issue. The net proceeds of the Private Placement will be used to fund general working capital.

At the time of this MD&A no television programming productions are underway or planned by the Company and definitive alternatives to enhance share value are being reviewed.

The Company is a reporting issuer in the provinces of British Columbia and Alberta and its common shares trade on the TSX Venture Exchange under the symbol TSX-V: GEE.

### Selected Financial Information and Management's Discussion and Analysis

#### Overall Performance

Managements' efforts during the year have been predominantly focused on the search for and investigation of alternatives to maximize share value. The first results from this effort can be seen in the closing of a Private Placement of common shares and warrants in the period ended December 31, 2008. The outlook for 2009 does not anticipate Grasslands producing any further television series or television production related contracts. Review of the alternative business directions is underway and will continue until the year end at June 30, 2009.

#### Selected Financial Information

##### Annual Information

The fiscal year end of the Company is June 30. The following table summarizes Grasslands financial results for the year ended June 30, 2009 and 2008 and 2007.

	Year ended June 30, 2009	Year ended June 30, 2008	Year ended June 30, 2007
Total revenues	\$ 125,813	\$ 741,038	\$ 835,904
Net Loss	\$ (262,184)	\$ (268,510)	\$ (305,608)
Total assets	\$ 581,642	\$ 630,620	\$1,347,514
Total long term liabilities	\$Nil	\$Nil	\$Nil
Cash dividends declared	\$Nil	\$Nil	\$Nil



## Management Discussion and Analysis

### Overview

This MD&A provides analysis of Grassland's financial results for the year ended June 30, 2009 and the year ended June 30, 2008. The following information should be read in conjunction with the audited financial statements of Grassland's for the year-ended June 30, 2009 (and the notes thereto).

### Summary of Quarterly Results

The following table sets out selected unaudited financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada, for each of the last eight quarters ended June 30, 2009. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

Year	2009	2009	2008	2008
Ending	June 30	Mar 31	Dec 31	Sept 30
Revenue	43,310	36,777	12,513	33,213
Working Capital	345,392	583,182	614,266	499,336
Expenses	150,495	70,714	80,458	86,330
Net (Loss)	(107,185)	(33,937)	(67,945)	(53,117)
Net Loss (per Share)	(0.01)	(0.01)	(0.00)	(0.00)

Year	2008	2008	2007	2007
Ending	June 30	Mar 31	Dec 31	Sept 30
Revenue	61,376	42,140	126,502	511,020
Working Capital	534,159	613,561	703,209	688,920
Expenses	214,596	134,834	178,277	481,841
Net (Loss)	(153,220)	(92,694)	(51,775)	29,179
Net Loss (per Share)	(0.02)	(0.00)	(0.00)	(0.00)

### Results of Operations

The following summarizes and compares the change in selected financial information for the year ended June 30, 2009.

#### Revenue

Revenue for the year ended June 30, 2009 is down substantially from 2008 by \$615,225 (\$125,813 vs. \$741,038 – 2008) due to the fact that income from past productions was negligible after December 2008 and as the Company had announced on May 11 2007, their decision to examine strategic alternatives with an objective to maximize shareholder value. This decision was reached after the previous release of the resignation of the company's Vice President and the current downward market trends in the media sector.

The Company decided to move away from producing television productions for international distribution and virtually no editing service contracts were executed. The Company has no plans for future productions of television series and expects only nominal sales applicable to past productions.

Sources and magnitude of future revenues will be dependent on the identification and execution of alternative business direction which was defined in a letter of intent the Company signed on May 26, 2009. At that time GEE announce that it has entered into a letter of intent with an Ontario incorporated private company 2190879 Ontario Inc. ("TargetCo."), a wholly-owned subsidiary of Foundation Financial Holdings Corp. ("FFHC"), pursuant to which Grasslands and TargetCo. have agreed to complete a business combination to form a new company ("Newco"). The business combination shall constitute a Reverse Takeover (the "RTO") of the Company as defined in the policies of the TSX Venture Exchange (the "TSX-V").

The variation in revenues and net income during the year has been attributable to the timing of signing of the letter of intent and the completion of large scale productions for delivery to television broadcasters.

#### **General & Administrative Expenses**

General and Administrative costs for 2009 increased by \$45,165 over the same period in 2008 (\$336,944 – 2009 vs. \$291,779 – 2008). Management consulting fees account for \$121,507 of the total 2009 G&A expenses. This expense was nil in 2008 as the only people who make up this expense did not start working with the Company until December of 2008. The former CEO and current CFO of the Company are paid as consultants rather than as employees of the Company. This expense is also larger than normal due to the payout of a severance package to the former CEO. This corresponds to the decrease in Employee wages from \$99,359 in 2008 down to \$39,790 in 2009.

Bad debt expense has decreased nearly 100% from \$24,441 in 2008 down to almost nil in 2009. Diligent collection policies by the Company have contributed to this decrease.

A small increase in legal and audit expenses of was caused by an increase in legal fees as the Company completed the necessary due diligence to allow it to enter into the May 26, 2009 LOI. (see "Letter of Intent")

Overhead allocation decreased from \$34,132 in 2008 down to Nil in 2009 as no production was taking place.

#### **Amortization of television programs**

Amortization of programs is determined based on a revenue realized basis, under which a current period's license revenue is compared to estimated lifetime license revenues of individual programs. There was minimal license revenue, applicable to television productions, in the current year and, as a result of additional government credits applied for, a portion of previous amortization expense was reversed in the year resulting in a net expense recovery. At June 30, 2009 the Company wrote-down to nil the value of its investment in television programs as it will no longer produce any programs.

#### **Amortization of Property & Equipment**

The increase in the amortization in 2009 was due to the remaining net book value of the editing suite being written off as the Company had begun moving in a different direction with the Company.

## **Liquidity and Capital Resources**

The Company defines the capital that it manages as its shareholders' equity. The Company's objective in managing its capital, in the immediate term, is to safeguard its ability to maintain its existence while pursuing strategies that might enhance the longer term value of the shareholders' equity and to not expose the Company to excess risk in doing so.

To provide the Company with the necessary funds to operate, the Company completed a private placement on December 12, 2008. The private placement ("Private Placement") resulted in 4,427,360 units at an issue price of \$0.05 per unit for gross proceeds of \$221,238 being raised. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the date of issue. The net proceeds of the Private Placement will be used to fund general working capital. The Company has not negotiated bank lines of credit or other financing resources. The Company has no capital commitments for the upcoming 2009 year.

The Company believes that it has sufficient cash resources and working capital to meet its immediate planned operational needs over the upcoming year.

## **Off Balance Sheet Arrangements**

As at June 30, 2009, the Company had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

## **Transactions with Related Parties**

During the year, the Company paid James Ripley, a director and executive officer of Grasslands, a total of \$109,507 (2008: \$99,359 to two directors) for services provided in managing the Company.

James Ripley is party to a separate employment agreement with the Corporation that provides for payment of annual base salary and participation in benefits as provided by the Corporation. Upon closing of the Private Placement Mr. Ripley signed a Release and Settlement Agreement ("Settlement Agreement") with the Company. The Settlement Agreement releases Grasslands from the terms of Mr. Ripley's employment contract. Under the terms of the Settlement Agreement Mr. Ripley is retained as a corporate consultant with compensation to be \$7,000.00 per month. On expiration of the consulting period which lasted for six (6) months, Mr. Ripley was paid a lump sum of \$63,000. During this contract period Mr. Ripley will continue acting as CEO of the corporation at the pleasure of the Board of Directors and shareholders of the Corporation.

As at June 30, 2009, Mr. Ripley had no stock options outstanding. No options were issued to or exercised by these individuals during the year ended June 30, 2009.

## **Disclosure of Outstanding Share Capital**

Common shares outstanding of 16,997,696 reflect the issuance of 4,427,360 common shares under the Private Placement.

Under the Private Placement there are warrants issued and outstanding to issue 2,213,680 common shares at \$0.10 each. In addition, broker compensation options were issued in connection with the Private Placement. These options are exercisable into 350,800 common

shares at \$0.10 each. Both the warrants and the broker compensation options are exercisable for a period of two years from the date the Private Placement closed (December 12, 2008).

There are stock options outstanding which were issued under the Company's Stock Option Plan. As at June 30, 2009 there were 75,000 stock options outstanding.

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

For information regarding critical accounting estimates used by the Company, please see Note 2 of the audited financial statements of Grasslands for the year-ended June 30, 2008.

### ***Changes in Accounting Policies including Initial Adoption***

On January 1, 2008 the Company adopted the following CICA accounting Handbook sections;

Section 1535, Capital Disclosures. The new standard requires an entity to disclose information to enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

Section 3862, Financial Instruments. Section 3862 provides standards for disclosures about financial instruments, including disclosures about fair value and the credit, liquidity and market risks associated with the financial instruments.

Section 3863, Financial Instruments - Presentation. Section 3863 provides standards for presentation of financial instruments and non-financial derivatives. Adoption of this standard had no impact on the Company's financial instrument related presentation disclosures.

Section 1400, General Standards of Financial Statement Presentation, to change the guidance related to management's responsibility to assess the ability of the entity to continue as a going concern. Management is required to make an assessment of an entity's ability to continue as a going concern and should take into account all available information about the future, which is at least, but is not limited to, 12 months from the balance sheet dates. Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

In February 2008, CICA issued Handbook Section 3064 replacing the existing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. These changes clarify the criteria for asset recognition for an internally developed intangible asset and reinforce the distinction between costs that should be expensed and those that should be capitalized. This standard is effective for the company's fiscal year beginning July 1, 2009. Management has not yet determined the impact of this standard on the financial statements of the Company.

The following are CICA accounting Handbook pronouncements not yet applied.

In January 2009, the CICA issued Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replaces CICA Sections 1581 – Business Combinations and 1600 - Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning July 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two Sections must also be adopted at the same time. The Company has not yet determined the impact of the adoption of

this standard on its financial statements.

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian generally accepted accounting principles for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning on July 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are converged with IFRS such as IAS 2 "Inventories" and IAS 38 "Intangible assets", thus mitigating the impact of adopting IFRS at the mandatory transition date. The Company has not yet determined the impact of the adoption of IFRS on its financial statements.

#### ***Financial Instruments and other Instruments***

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities. The Company has designated cash and cash equivalents as held-for-trading, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other liabilities. The fair value of these financial instruments approximates their carrying values. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company does not have derivatives or embedded derivatives.

The Company has no long term lease, debt or purchase obligations.

#### ***Letter of Intent***

On May 26, 2009, the Company has entered into a letter of intent (the "Letter of Intent") dated May 25, 2009 with an Ontario incorporated private company 2190879 Ontario Inc. ("TargetCo."), a wholly-owned subsidiary of Foundation Financial Holdings Corp. ("FFHC"), pursuant to which Grasslands and TargetCo. have agreed to complete a business combination to form a new company ("Newco"). The business combination shall constitute a Reverse Takeover (the "RTO") of the Company as defined in the policies of the TSX Venture Exchange (the "TSX-V").

In conjunction with the RTO, Newco will undergo a change in business to a merchant bank focused on the mineral and energy sectors. TargetCo. currently has investments in the following companies: Quia Resources Inc., a private company with gold exploration properties in Colombia; Enerasia Renewable Corp., a private company focused on hydro, wind and geothermal opportunities in the Philippines; Caldera Geothermal Inc., a private company focused on geothermal exploration and development in the Western United States; and Silver Shield Resources Corp. (TSX-V: SSR), a TSX-V listed company focusing on advanced-stage silver properties in Northern Ontario and Mexico.

Under the terms of the Letter of Intent: (i) Grasslands shall consolidate (the "Share Consolidation") its Class A voting shares on a four (4) old shares ("Pre-Consolidated Shares") for one (1) new share basis (a "Consolidated Share"), such Share Consolidation to become effective prior to completion of the RTO; and (ii) the holders of TargetCo. common shares (the "TargetCo. Common Shares") will receive one (1) Consolidated Share for each TargetCo. Common Share (the "Consideration Ratio").

The number of outstanding stock options, warrants, and broker options of Grasslands will be adjusted based on the same 4:1 ratio as the Pre-Consolidated Shares of Grasslands and, subject to the approval of the Exchange, the exercise price of certain of those convertible securities will

be amended to \$0.14 per Consolidated Share on a post-Consolidation basis. The Consolidated Shares will be issued at an ascribed price of \$0.14 per share. On completion of the RTO, on both a basic and fully diluted basis, the shareholders of Grasslands and TargetCo. will own approximately 35% and 65% of Newco, respectively. There are currently 16,997,696 Pre-Consolidated Shares issued and outstanding and 7,857,143 TargetCo. Common Shares issued and outstanding.

Under the terms of the Letter of Intent, Targetco's audited financial statements will include net tangible assets ("NTA") equal to at least \$900,000. If the NTA is less than \$900,000, the Consideration Ratio will be adjusted so that the holders of TargetCo. Common Shares will receive less than one (1) Consolidated Share for each TargetCo. Share based upon a percentage equal to the amount by which the NTA is less than \$900,000. For example, if the NTA is \$800,000, the Consideration Ratio will be adjusted to 0.8888 Consolidated Share for each TargetCo. Share.

### ***Disclosure Controls and Procedures***

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Grassland's Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2009. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim filings, are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

## GRASSLANDS ENTERTAINMENT INC.

Management Discussion and Analysis  
Year-ended: June 30, 2010

Form 51-102F1

**1. Date: October 15, 2010**

This Management Discussion and Analysis ("MD&A") of the financial position and results of operations of Grasslands Entertainment Inc. ("Grasslands" or the "Company") is for the twelve-month period ended June 30, 2010. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended June 30, 2010 and June 30, 2009. This discussion should not be considered all inclusive as it excludes changes that may occur in general economic, political and other conditions. The consolidated financial statements of the Company are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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*The forward-looking statements contained herein are expressly qualified by this cautionary statement.*

## 2. General Development of the Business

The Company is a reporting issuer in the provinces of British Columbia and Alberta and its common shares trade on the TSX Venture Exchange under the symbol TSX-V: GEE.

Historically Grasslands has generated revenue from the production and licensing of television programming both domestically and internationally. This had been the Company's core business. Growth and profitability were dependent on the continued ability to develop storylines and concepts for television programming. The Company had generated revenue by licensing internally produced programming to various broadcasters and buyers worldwide. The Company has retained the rights to proprietary programming for exploitation in future periods, markets and media formats.

In May 2007 the Company announced that it was reviewing alternatives to maximize share value. This announcement was motivated by the difficulty the Company was experiencing in attracting sufficient broadcaster interest in further productions of the "Thirsty Traveler" as well as the impending departure of an executive officer of the Company. In addition, the serial production of "Eat, Shrink & Be Merry", beyond the initial season, was terminated.

On December 12, 2008 the Company announced it had completed a private placement ("Private Placement") of 4,427,360 units at an issue price of \$0.05 per unit for gross proceeds of \$221,238. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the date of issue. The net proceeds of the Private Placement will be used to fund general working capital.

As of this year-end no television programming productions are underway or planned by the Company and definitive alternatives to enhance share value are being reviewed.

### Selected Financial Information and Management's Discussion and Analysis

#### Overall Performance

Managements' efforts during the year have been predominantly focused on the search for and investigation of alternatives to maximize share value. The first results from this effort can be seen in the closing of a Private Placement of common shares and warrants in the period ended December 31, 2008. The outlook for 2009-2010 does not anticipate Grasslands producing any further television series or television production related contracts. Review of the alternative business directions is underway and will continue throughout the remainder of the year.

#### Selected Financial Information

##### Annual Information

The fiscal year end of the Company is June 30. The following table summarizes Grasslands annual financial results for the years ended June 30, 2010 and 2009 and 2008.

	Year ended June 30, 2010	Year ended June 30, 2009	Year ended June 30, 2008
Total revenues	\$ 30,631	\$ 125,814	\$ 741,038
Net Loss	\$ (285,048)	\$ (262,184)	\$ (268,510)
Total assets	\$ 275,601	\$ 581,642	\$ 630,620
Total long term liabilities	\$Nil	\$Nil	\$Nil
Cash dividends declared	\$Nil	\$Nil	\$Nil



## Management Discussion and Analysis

### Overview

This MD&A provides analysis of Grassland's financial results for the year-ended June 30, 2010 and the year-ended June 30, 2009. The following information should be read in conjunction with the audited financial statements of Grassland's for the year-ended June 30, 2010 and June 30, 2009 (and the notes thereto).

### Summary of Quarterly Results

The following table sets out selected unaudited financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada, for each of the last eight quarters ended June 30, 2010. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

Year	2010	2010	2009	2009
Ending	June 30	Mar 31	Dec 31	Sept 30
Revenue	8,284	8,892	6,064	7,391
Working Capital	136,018	166,130	266,032	315,266
Expenses	174,065	48,462	55,466	37,686
Net (Loss)	(165,781)	(39,570)	(49,402)	(30,295)
Net Loss (per Share)	(0.02)	(0.00)	(0.00)	(0.00)

Year	2009	2009	2008	2008
Ending	June 30	Mar 31	Dec 31	Sept 30
Revenue	43,310	36,777	12,512	33,213
Working Capital	345,392	583,182	614,266	499,336
Expenses	150,495	70,714	80,457	86,330
Net (Loss)	(107,185)	(33,937)	(67,945)	(53,117)
Net Loss (per Share)	(0.02)	(0.01)	(0.01)	(0.00)

### Results of Operations

The following summarizes and compares the change in selected financial information for the year-ended June 30, 2010 and June 30, 2009.

#### Revenue

Revenue for the year ended June 30, 2010 for television production is now nil as income from past productions is now and has been completely shut down. There was minor income in 2009 of \$79,886 from the Thirsty Traveller series but none for the 2010 period. There was some contract editing and commercial production income (2010 - \$18,894 vs. 2009 - \$33,924) which was derived from music royalties received from SOCAN. This was also true for the 2009 income of \$33,924. The reason for no income generation is that the Company announced on May 11 2007, their decision to examine strategic alternatives with an objective to maximize shareholder value.

This decision was reached after the previous release of the resignation of the company's Vice President and the current downward market trends in the media sector and this has not changed as of the date of this MD&A.

The Company decided to move away from producing television productions for international distribution and virtually no editing service contracts were executed. The Company has no plans for future productions of television series and expects only nominal sales applicable to past productions.

Sources and magnitude of future revenues will be dependent on the identification and execution of alternative business direction which was defined in a letter of intent the Company signed on May 26, 2009. At that time GEE announce that it has entered into a letter of intent with an Ontario incorporated private company 2190879 Ontario Inc. ("TargetCo."), a wholly-owned subsidiary of Foundation Financial Holdings Corp. ("FFHC"), pursuant to which Grasslands and TargetCo. have agreed to complete a business combination to form a new company ("Newco"). The business combination shall constitute a Reverse Takeover (the "RTO") of the Company as defined in the policies of the TSX Venture Exchange (the "TSX-V").

### **General & Administrative Expenses**

General and Administrative costs for the year-ended June 30, 2010 were \$224,468 as compared to \$336,944 for the year-ended June 30, 2009. This decrease of \$112,476 was achieved by the Company cutting various expenditures to preserve its remaining cash until the business combination letter of intent mentioned above could be completed. Management consulting fees have been cut in half at this time and the total expense for the CEO and CFO for fiscal 2010 was \$75,000. The 2009 Management consulting fee of \$121,507 included a \$63,000 payout to the CEO who was the only payroll employee at that time. The CEO and CFO of the Company are paid as consultants rather than as employees of the Company. There were no payroll expenses in 2010, this expense for 2009 was \$39,790 and was all related to the Company CEO who became a consultant in January 2009. Rent expense dropped down by \$21,555 as the Company has stopped paying rent on its premises as it no longer occupies the office. Fees paid to the TSX-V on account of the proposed RTO that the Company is currently engaged in accounted for \$12,500 in this period while in 2009 this expense was \$6,000. The balance of the increase in filing fees were regular monthly fees paid to Computershare. Professional fees which includes legal and audit fees increased in 2010 by \$32,891 (2010 - \$79,836 vs. 2009 - \$46,945). Mostly all of this increase is due to the Company legal expenses for work done on the RTO. Expenses that have decreased or do not exist anymore at this time include telephone expense (down by \$3,279), website maintenance (down by \$3,242) and bookkeeping fees (down by \$41,995).

### **Impairment of Investments**

The Company wrote off completely one of the two investments it had made in the June 30, 2010 year. The Company had invested \$75,000 in Enerasia Renewable Corp. The investment consisted of debentures that had a term of 24 months and paid 15% interest per annum.

During the year it was determined that this investment was impaired and as such the Company has written it down to \$1. Also written off completely was \$14,062 in accrued interest.

The Company was unable to confirm with any certainty that the investment with Enerasia Renewable Corp. would be repaid. Therefore the Company provided for this investment to be conservative and since there is a chance for repayment in the future it will report any recovery as income at that time.

### **Amortization of television programs**

Amortization of programs is determined based on a revenue realized basis, under which a current period's license revenue is compared to estimated lifetime license revenues of individual programs. There was minimal license revenue, applicable to television productions, in the current year and, as a result of additional government credits applied for, a portion of previous amortization expense was reversed in the year resulting in a net expense recovery. As of June 30, 2009 the Company had written-down to nil the value of its investment in television programs as it will no longer produce any programs. Therefore there is no expense in the current 2010 period

### **Amortization of Property & Equipment**

The decrease in amortization for the year-ended June 30, 2010 is due to the fact that the remaining net book value of the editing suite was written off at June 30, 2009 and the only remaining equipment was some office equipment.

### **Liquidity and Capital Resources**

The Company defines the capital that it manages as its shareholders' equity. The Company's objective in managing its capital, in the immediate term, is to safeguard its ability to maintain its existence while pursuing strategies that might enhance the longer term value of the shareholders' equity and to not expose the Company to excess risk in doing so.

To provide the Company with the necessary funds to operate, the Company completed a private placement on December 12, 2008. The private placement ("Private Placement") resulted in 4,427,360 units at an issue price of \$0.05 per unit for gross proceeds of \$221,238 being raised. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the date of issue. The net proceeds of the Private Placement will be used to fund general working capital. The Company has not negotiated bank lines of credit or other financing resources. The Company has no capital commitments for the upcoming 2010 year.

The Company does not have sufficient cash resources and working capital to meet its immediate planned operational needs in the upcoming year of completing the proposed RTO that it has been working on for the past year and will have to complete an equity raise to secure additional funding. It's working capital at June 30, 2010 was \$136,018.

### **Off Balance Sheet Arrangements**

As at June 30, 2010, the Company had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

### **Transactions with Related Parties**

During the year-ended June 30, 2010 the Company paid James Ripley, a director and executive officer of Grasslands, a total of \$48,000 (2009: \$109,500) for services provided in managing the Company.

As at June 30, 2010, Mr. Ripley had no stock options outstanding. No options were issued to or exercised by this individual during the year ended June 30, 2010.

At June 30, 2010 an amount owed to the Company by a director of \$1,127 was written off (2009 - \$1,127). There was no amount payable at June 30, 2010.

These transactions have been recorded at the exchange amount being the amount of consideration agreed by the parties.

#### ***Disclosure of Outstanding Share Capital***

Common shares outstanding of 16,997,696 reflect the issuance of 4,427,360 common shares under the Private Placement.

Under the Private Placement there are warrants issued and outstanding to issue 2,213,680 common shares at \$0.10 each. In addition, broker compensation options were issued in connection with the Private Placement. These options are exercisable into 350,800 common shares at \$0.10 each. Both the warrants and the broker compensation options are exercisable for a period of two years from the date the Private Placement closed (December 12, 2008).

There are stock options outstanding which were issued under the Company's Stock Option Plan. As at June 30, 2010 there were 350,800 stock options outstanding.

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

For information regarding critical accounting estimates used by the Company, please see Note 2 of the audited financial statements of Grasslands for the year-ended June 30, 2010.

#### ***Recent Accounting Pronouncements***

Recent accounting pronouncements issued but not yet effective:

#### **Consolidated Financial Statements and Non-Controlling Interests**

The CICA recently introduced Handbook Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which will replace Handbook Section 1600 – Consolidated Financial Statements establishing a new section for accounting for a non-controlling interest in a subsidiary. These new sections apply to interim and annual consolidated statements for the years beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of these standards on its financial statements.

#### **Business combinations**

In January 2008, the CICA issued handbook Section 1582, Business Combinations, concurrently with CICA Handbook Section 1601, Consolidated Financial Statements and CICA Handbook Section 1602, Non-controlling Interest. Section 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Section 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. Section 1602 establishes guidance for the company's interim and annual consolidated financial statements commencing on July 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. The new standards would only apply to the company if it enters into a business combination.

## **International Financial Reporting Standards**

In January 2006, in 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five year transitional period. In February, 2008, the AcSB announced that January 1, 2011, is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP, affecting interim and annual financial statements relating to fiscal years after this date. These new standards will be applicable as of January 1, 2011. The Company has a June 30 year end, and accordingly would need to prepare annual and interim financial statements relating to fiscal year beginning on July 1, 2011 and ending on June 30, 2012, in accordance with IFRS. This in turn will require IFRS comparatives for the fiscal year beginning on July 1, 2010 and ending on June 30, 2011. As such, July 1, 2010 is the effective date of transition for the Company. For 2010-11, information will have to be gathered in accordance with both existing Canadian GAAP and IFRS.

In summary, financial statements prepared using IFRS will be required for the first quarter of 2011-12 and will include 2010-11 comparative IFRS information, and the July 1, 2010 balance sheet.

The Company has formally established a transition plan and project implementation team. As an update to our previously filed annual and quarterly MD&A, management undertook a preliminary review of the impact of IFRS on the Company's financial statements.

The objective of this review was to highlight, initially, all potential differences that are significant to the Company. The Company is in the process of completing a detailed diagnostic plan which includes identifying significant accounting policy differences and their related areas of impact in terms of systems, procedures and financial statements. Differences between IFRS and Canadian generally accepted accounting principles (GAAP), in addition to those referenced below, may continue to be identified based on further detailed analysis by the Company and other changes to IFRS prior to the Companies conversion to IFRS in 2011-12. The Company will continue to review all proposed and continuing projects of the International Accounting Standards Board to determine their impact and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Set out below are some of the key areas which indicate accounting differences, and where changes in accounting policies are expected that may materially impact the Company's consolidated financial statements. The list and comments should not be regarded as a complete list of changes that will result from a transition to IFRS. It is intended to highlight the more significant areas we have identified to date. Analysis of changes is still in process and not all decisions have been finalized where choices of accounting policies are available.

### **Accounting Policy Impact and Decisions**

#### **Business combinations**

IFRS 1 provides an exemption that allows Companies transitioning to IFRS to not restate business combinations entered into prior to the date of transition. The Company is currently evaluating this option.

#### **Share-based payments**

IFRS 1 provides an exemption that allows Companies not to apply IFRS 2 Share-based Payment to options granted before November 2002, as well as to options granted after

November 2002, but vested prior to transition. The Company is currently evaluating this option.

#### Equipment

In view of the component accounting that is strictly applied under IFRS, the Company will need to ascertain if items of property, plant and equipment would need further componentization. It may be likely that certain items of equipment could include components that need to be accounted and depreciated separately.

#### Impairment of Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists, and then measuring impairment by comparing asset carrying values to their fair value (which is calculated using discounted cash flows). IAS 36 Impairment of Assets (IAS 36) uses a one-step approach for testing and measuring impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted cash flows). This may potentially result in write-downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. This difference could lead to income statement and earnings volatility in future periods. The Company is currently assessing the implications of the difference in the impairment approach.

#### Provisions

The Company is currently assessing the requirements of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", to determine whether all its provisions meet the "probable" recognition criteria under IFRS, and whether any additional provisions are required.

#### ***Letter of Intent***

On May 26, 2009, the Company entered into a letter of intent (the "Letter of Intent") dated May 25, 2009 with an Ontario incorporated private company 2190879 Ontario Inc. ("TargetCo."), a wholly-owned subsidiary of Foundation Financial Holdings Corp. ("FFHC"), pursuant to which Grasslands and TargetCo. have agreed to complete a business combination to form a new company ("Newco"). The business combination shall constitute a Reverse Takeover (the "RTO") of the Company as defined in the policies of the TSX Venture Exchange (the "TSX-V").

In conjunction with the RTO, Newco will undergo a change in business to a merchant bank focused on the mineral and energy sectors. TargetCo. currently has investments in the following companies: Quia Resources Inc., a private company with gold exploration properties in Colombia; Enerasia Renewable Corp., a private company focused on hydro, wind and geothermal opportunities in the Philippines; Caldera Geothermal Inc., a private company focused on geothermal exploration and development in the Western United States; Silver Shield Resources Corp. (TSX-V: SSR), a TSX-V listed company focusing on advanced-stage silver properties in Northern Ontario and Mexico.

Under the terms of the Letter of Intent: (i) Grasslands shall consolidate (the "Share Consolidation") its Class A voting shares on a four (4) old shares ("Pre-Consolidated Shares") for one (1) new share basis (a "Consolidated Share"), such Share Consolidation to become effective prior to completion of the RTO; and (ii) the holders of TargetCo. common shares (the "TargetCo. Common Shares") will receive one (1) Consolidated Share for each TargetCo. Common Share (the "Consideration Ratio").

The number of outstanding stock options, warrants, and broker options of Grasslands will be adjusted based on the same 4:1 ratio as the Pre-Consolidated Shares of Grasslands and, subject to the approval of the Exchange, the exercise price of certain of those convertible securities will be amended to \$0.14 per Consolidated Share on a post-Consolidation basis. The Consolidated Shares will be issued at an ascribed price of \$0.14 per share. On completion of the RTO, on both a basic and fully diluted basis, the shareholders of Grasslands and TargetCo. will own approximately 35% and 65% of Newco, respectively. There are currently 16,997,696 Pre-Consolidated Shares issued and outstanding and 7,857,143 TargetCo. Common Shares issued and outstanding.

Under the terms of the Letter of Intent, Targetco's audited financial statements will include net tangible assets ("NTA") equal to at least \$900,000. If the NTA is less than \$900,000, the Consideration Ratio will be adjusted so that the holders of TargetCo. Common Shares will receive less than one (1) Consolidated Share for each TargetCo. Share based upon a percentage equal to the amount by which the NTA is less than \$900,000. For example, if the NTA is \$800,000, the Consideration Ratio will be adjusted to 0.8888 Consolidated Share for each TargetCo. Share.

#### ***Disclosure Controls and Procedures***

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Grassland's Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2010. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim filings, are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

# GRASSLANDS ENTERTAINMENT INC.

“Amended and refilled”

Management Discussion and Analysis  
Three month and nine month period-ended March 31, 2011

Form 51-102F1

**1. Date: September 28, 2011**

This Management Discussion and Analysis (“MD&A”) of the financial position and results of operations of Grasslands Entertainment Inc. (“Grasslands” or the “Company”) is for the three and nine month periods ended March 31, 2010. This MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended June 30, 2010 and June 30, 2009. This discussion should not be considered all inclusive as it excludes changes that may occur in general economic, political and other conditions. The consolidated financial statements of the Company are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

*In various places in the MD&A, management’s expectations regarding future performance is discussed. These “forward-looking” statements are based on currently available competitive, financial and economic data and operating plans, but are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations or financial position of the Company, as well as statements preceded by, followed by, or that include the words “believes”, “expects”, “anticipates”, “estimates”, “projects”, “intends”, “should”, or similar expressions. These statements, by their very nature, are not guarantees of the Company’s future operational or financial performance, and are subject to risks, uncertainties and other important factors that could cause the Company’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. Management believes that the expectations reflected in its forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and forward-looking in the MD&A should not be unduly relied upon. Forward looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur.*

*The forward-looking statements contained herein are expressly qualified by this cautionary statement.*



## 2. General Development of the Business

The Company is a reporting issuer in the provinces of British Columbia and Alberta and its common shares trade on the TSX Venture Exchange under the symbol TSX-V: GEE.

Prior to October 1, 2007, Grasslands has generated revenue from the production and licensing of television programming both domestically and internationally. This had been the Company's core business. Growth and profitability were dependent on the continued ability to develop storylines and concepts for television programming. The Company had generated revenue by licensing internally produced programming to various broadcasters and buyers worldwide. The Company has retained the rights to proprietary programming for exploitation in future periods, markets and media formats.

In May 2007 the Company announced that it was reviewing alternatives to maximize share value. This announcement was motivated by the difficulty the Company was experiencing in attracting sufficient broadcaster interest in further productions of the "Thirsty Traveler" as well as the impending departure of an executive officer of the Company. In addition, the serial production of "Eat, Shrink & Be Merry", beyond the initial season, was terminated.

On December 12, 2008 the Company announced it had completed a private placement ("Private Placement") of 4,427,360 units at an issue price of \$0.05 per unit for gross proceeds of \$221,238. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable into one common share at an exercise price of \$0.10 for two years from the date of issue. The net proceeds of the Private Placement will be used to fund general working capital.

As of this period-end no television programming productions are underway or planned by the Company and definitive alternatives to enhance share value are being reviewed.

### Selected Financial Information and Management's Discussion and Analysis

#### Overall Performance

Managements' efforts during the year have been predominantly focused on the search for and investigation of alternatives to maximize share value. The first results from this effort can be seen in the closing of a Private Placement of common shares and warrants in the period ended December 31, 2008. The outlook for 2010-11 does not anticipate Grasslands producing any further television series or television production related contracts. Review of the alternative business directions is underway and will continue throughout the remainder of the year.

#### Selected Financial Information

##### Annual Information

The fiscal year end of the Company is June 30. The following table summarizes Grasslands annual financial results for the years ended June 30, 2010 and 2009 and 2008.

	Year ended June 30, 2010	Year ended June 30, 2009	Year ended June 30, 2008
Total revenues	\$ 18,894	\$ 113,867	\$ 741,038
Net Loss	\$ (285,048)	\$ (262,184)	\$ (268,510)
Total assets	\$ 275,601	\$ 581,642	\$ 630,620
Total long term liabilities	\$Nil	\$Nil	\$Nil
Cash dividends declared	\$Nil	\$Nil	\$Nil

## Management Discussion and Analysis

### Overview

This MD&A provides analysis of Grassland's financial results for the three and nine month periods ended March 31, 2011 and March 31, 2010. The following information should be read in conjunction with the audited financial statements of Grassland's for the year-ended June 30, 2010 and June 30, 2009 (and the notes thereto).

### Summary of Quarterly Results

The following table sets out selected unaudited financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada, for each of the last eight quarters. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

Period	2011	2010	2010	2010
Ending	Mar 31	Dec 31	Sept 30	June 30
Revenue	5,237	0	7,256	5,206
Working Capital	104,831	128,911	123,576	136,018
Expenses	29,435	(5,217)	19,816	174,065
Net Income (Loss)	(24,198)	5,217	(12,560)	(165,781)
Net Loss (per Share)	(0.001)	(0.00)	(0.00)	(0.02)

Period	2010	2009	2009	2009
Ending	Mar 31	Dec 31	Sept 30	June 30
Revenue	6,080	3,125	4,483	43,310
Working Capital	166,130	266,032	315,266	345,392
Expenses	48,462	55,466	37,686	150,495
Net (Loss)	(39,570)	(49,402)	(30,295)	(107,185)
Net Loss (per Share)	(0.00)	(0.00)	(0.00)	(0.02)

### Results of Operations

The following summarizes and compares the change in selected financial information for the three and nine month periods ended March 31, 2011 and March 31, 2010.

#### Revenue

Revenue for both the three and nine month periods ended March 31, 2011 from television production was nil as production has been completely shut down. There was no contract editing and commercial production income (2011 - \$Nil vs. 2010 - \$Nil) which was derived from music royalties received from SOCAN.

The Company has no plans for future productions of television series and expects only nominal sales applicable to past productions.

Sources and magnitude of future revenues will be dependent on the identification and execution of alternative business direction which was defined in a letter of intent the Company signed on January 20, 2011. At that time GEE announce that it has entered into a letter of intent with an Ontario incorporated private company Lakeside Minerals Corp. ("Lakeside") pursuant to which Grasslands and TargetCo. have agreed to complete a business combination to form a new company ("Newco"). The business combination shall constitute a Reverse Takeover (the "RTO") of the Company as defined in the policies of the TSX Venture Exchange (the "TSX-V").

### **General & Administrative Expenses**

General and Administrative ("G&A") costs for the three-month period ended March 31, 2011 were \$29,317 compared to \$48,294 for the three month period ended March 31, 2010 while G&A costs for the nine month period ended March 31, 2011 were \$43,680 compared to \$141,111 for the nine months ended March 31, 2010. The decreases of \$18,977 for the three month period and the decrease of \$92,817 for the nine month periods were achieved by the Company implementing cost-cutting measures on various expenditures to preserve its remaining cash balance until the business combination letter of intent mentioned above could be completed. Management consulting fees have been cut for the last year, and the total expense for the CEO and CFO for this three-month period was the same in this 2011 period as in 2010 (2011 - \$13,500 vs. 2010 - \$13,500). The CEO and CFO of the Company are paid as consultants rather than as employees of the Company. For the nine month period management consulting fees dropped by \$16,000 over 2010 (2011 - \$40,500 vs. 2010 - \$56,500). The Company had reduced the amounts paid to the CEO and CFO resulting in this decrease to preserve cash. The Company has no employees. Rent expense was nil in the three month period ended March 31, 2011 as the Company no longer rents office space and this is the same for the nine month period ended March 31, 2011. The Company stopped paying rent in early 2010. This saved the Company \$21,472 over the same nine month period ended 2010. Professional fees, which includes legal and audit fees, have decreased in this three month period by \$5,671 (2011 - \$3,106 vs. 2010 - \$8,777) as the Company has been trying to minimize its legal fees with regards the due diligence costs associated with the transaction with Lakeside. Professional fees for the nine month period dropped by \$49,478 (2011 - \$(19,620) vs. 2010 - \$29,858). This drop was a result of legal fee accruals which were re-negotiated by the Company's management in the prior period. Fees paid by the Company to the Venture exchange decreased in both the three and nine month periods as the Company has only paid its annual sustaining fee. In 2010 the Company paid an additional \$7,500 to the Venture Exchange in connection with the RTO it had entered into.

### **Impairment of Investments**

The Company wrote off completely one of the two investments it had made in the June 30, 2010 year. The Company had invested \$75,000 in Enerasia Renewable Corp. The investment consisted of debentures that had a term of 24 months and paid 15% interest per annum.

During the year it was determined that this investment was impaired and as such the Company has written it down to \$1. Also written off completely was \$14,062 in accrued interest.

The Company was unable to confirm with any certainty that the investment with Enerasia Renewable Corp. would be repaid. Therefore the Company provided for this investment to be conservative and since there is a chance for repayment in the future it will report any recovery as income at that time.

### **Amortization of television programs**

Amortization of programs is determined based on a revenue realized basis, under which a current period's license revenue is compared to estimated lifetime license revenues of individual programs. There was minimal license revenue in the current year and, as a result of additional government credits applied for, a portion of previous amortization expense was reversed in the year resulting in a net expense recovery.

As of December 31, 2009 the Company had written-down to nil the value of its investment in television programs as it will no longer produce any programs. Therefore there was no expense in the current 2010-2011 period.

### **Amortization of Property & Equipment**

The decrease in amortization for the period-ended March 31, 2011 is due to the fact that the remaining net book value of the editing suite was written off at December 31, 2009 and the only remaining equipment was some office equipment. The amortization for three and nine month periods ended March 31, 2011 was \$118 and \$354 respectively compared to \$168 and \$505 for the same periods of 2010.

### **Liquidity and Capital Resources**

The Company defines the capital that it manages as its shareholders' equity. The Company's objective in managing its capital, in the immediate term, is to safeguard its ability to maintain its existence while pursuing strategies that might enhance the longer term value of the shareholders' equity and to not expose the Company to excess risk in doing so.

The Company does not have sufficient cash resources and working capital to meet its immediate planned operational needs in the upcoming year of completing the proposed RTO that it has been working on for the past year and will have to complete an equity raise to secure additional funding. It's working capital at March 31, 2011 was \$104,831. The Company has not negotiated bank lines of credit or other financing resources. The Company has no capital commitments for the upcoming 2011 year.

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

As at March 31, 2011, the Company had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

### ***Transactions with Related Parties***

During the three-month period ended March 31, 2011 the Company paid James Ripley, a director and executive officer of Grasslands, a total of \$9,000 (2010 - \$9,000) for services provided in managing the Company and for the nine month period ended March 31, 2011 this was \$27,000 (2010 - \$34,000).

These transactions have been recorded at the exchange amount being the amount of consideration agreed by the parties.

### ***Disclosure of Outstanding Share Capital***

As at March 31, 2011, there are 16,997,696 common shares outstanding.

There are no warrants or stock options outstanding under the Company's Stock Option Plan as the remaining outstanding warrants and stock options from September 30, 2010 expired unexercised on December 12, 2010.

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

For information regarding critical accounting estimates used by the Company, please see Note 2 of the audited financial statements of Grasslands for the year-ended June 30, 2010.

### ***Recent Accounting Pronouncements***

Recent accounting pronouncements issued but not yet effective:

### **Consolidated Financial Statements and Non-Controlling Interests**

The CICA recently introduced Handbook Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which will replace Handbook Section 1600 – Consolidated Financial Statements establishing a new section for accounting for a non-controlling interest in a subsidiary. These new sections apply to interim and annual consolidated statements for the years beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of these standards on its financial statements.

### **Business combinations**

The CICA recently introduced Handbook Section 1582 – Business Combinations to replace Handbook Section 1581 – Business Combinations. The new standard will become effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of this standard on its financial statements.

### **International Financial Reporting Standards**

In January 2006, the Canadian Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS for fiscal years beginning on or after January 1, 2011. The Company has a June 30 year end, and accordingly would need to prepare annual and interim financial statements relating to fiscal year beginning on July 1, 2011 and ending on June 30, 2012, in accordance with IFRS. This in turn will require IFRS comparatives for the fiscal year beginning on July 1, 2010 and ending on June 30, 2011. As such, July 1, 2010 is the effective date of transition for the Company. For 2010-11, information will have to be gathered in accordance with both existing Canadian GAAP and IFRS.

The Company has formally established a transition plan and project implementation team. As an update to our previously filed annual and quarterly MD&A, management undertook a preliminary review of the impact of IFRS on the Company's financial statements.

The objective of this review was to highlight, initially, all potential differences that are significant to the Company. The Company is in the process of completing a detailed diagnostic plan which includes identifying significant accounting policy differences and their related areas of impact in terms of systems, procedures and financial statements. Differences between IFRS and Canadian generally accepted accounting principles (GAAP), in addition to those referenced below, may continue to be identified based on further detailed analysis by the Company and other changes to IFRS prior to the Companies conversion to IFRS in 2011-12. The Company will continue to review all proposed and continuing projects of the International Accounting Standards Board to determine their impact and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Set out below are some of the key areas which indicate accounting differences, and where changes in accounting policies are expected that may materially impact the Company's consolidated financial statements. The list and comments should not be regarded as a complete list of changes that will result from a transition to IFRS. It is intended to highlight the more significant areas we have identified to date. Analysis of changes is still in process and not all decisions have been finalized where choices of accounting policies are available.

#### Accounting Policy Impact and Decisions

##### Business combinations

IFRS 1 provides an exemption that allows Companies transitioning to IFRS to not restate business combinations entered into prior to the date of transition. The Company is currently evaluating this option.

##### Share-based payments

IFRS 1 provides an exemption that allows Companies not to apply IFRS 2 Share-based Payment to options granted before November 2002, as well as to options granted after November 2002, but vested prior to transition. The Company is currently evaluating this option.

##### Equipment

In view of the component accounting that is strictly applied under IFRS, the Company will need to ascertain if items of property, plant and equipment would need further componentization. It may be likely that certain items of equipment could include components that need to be accounted and depreciated separately.

##### Impairment of Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists, and then measuring impairment by comparing asset carrying values to their fair value (which is calculated using discounted cash flows).

IAS 36 Impairment of Assets (IAS 36) uses a one-step approach for testing and measuring impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted cash flows). This may potentially result in write-downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. This difference could lead to income statement and earnings volatility in future periods. The Company is currently assessing the implications of the difference in the impairment approach.

## Provisions

The Company is currently assessing the requirements of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", to determine whether all its provisions meet the "probable" recognition criteria under IFRS, and whether any additional provisions are required.

## ***Pending Acquisition***

On January 20, 2011, the Company entered into an arm's length binding letter agreement as amended May 31, 2011 (the "Agreement") with Lakeside Minerals Corp. ("Lakeside" or "TargetCo."), a non-reporting issuer incorporated under the laws of the Province of Ontario on August 21, 2007, pursuant to which Grasslands will, subject to a number of conditions, acquire all of the issued and outstanding securities of Lakeside. The transaction will constitute a reverse take-over (the "RTO") of Grasslands under the policies of the TSX Venture Exchange (the "Exchange"). Foundation Opportunities Inc. ("FOI") is a controlling shareholder of Lakeside, and this Agreement shall supersede and terminate any prior agreements between Grasslands and Foundation Financial Holding Corp. (the parent company of FOI) in respect of any potential reverse takeover transaction.

Pursuant to the Agreement, Grasslands has agreed to form a new corporation ("Newco") for the purpose of amalgamating with TargetCo. Newco will be a wholly-owned subsidiary of Grasslands and will be created under the Business Corporations Act (Ontario). As a condition of the amalgamation, Grasslands will hold a meeting (the "Meeting") of the shareholders (the "Grasslands Shareholders") of Grasslands to approve the RTO pursuant to the rules and policies of the Exchange. The shareholders will also be asked to approve a consolidation (the "Share Consolidation") of the Class A voting shares of Grasslands on a five (5) old shares ("Pre-Consolidated Shares") for one (1) new share basis (a "Consolidated Share"). If approved, the Share Consolidation shall become effective prior to completion of the RTO. At the meeting, Lakeside shall have the right to nominate up to seven (7) new directors for a board of directors of Grasslands (the "Board") comprised of seven (7) directors.

Upon the amalgamation of TargetCo. and Newco, holders of common shares in the capital of TargetCo. ("TargetCo. Shares") will be entitled to receive one (1) Consolidated Share for each TargetCo. Share (the "Consideration Ratio"). The foregoing Consolidated Shares will be issued at an ascribed price of \$0.175 per Consolidated Share. Currently, TargetCo has 14,185,100 shares issued and outstanding as at the date hereof. TargetCo has options on 9 properties in Quebec, Canada.

## ***Disclosure Controls and Procedures***

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Grassland's Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2011. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim filings, are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

**SCHEDULE "H"**  
**FINANCIAL STATEMENTS OF LAKESIDE MINERALS CORP.**



**LAKESIDE MINERALS CORP.**

(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

YEAR ENDED JANUARY 31, 2011 and 2010

(EXPRESSED IN CANADIAN DOLLARS)

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## **AUDITORS' REPORT**

To Be Provided

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

**LAKESIDE MINERALS CORP**  
(A Development Stage Company)  
Balance Sheet  
January 31, 2011 and 2010  
(Expressed in Canadian Dollars)  
(Audited)

	<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<b>Current</b>			
Cash		\$ 295,645	\$ -
Receivable		15,437	-
<b>Total current assets</b>		<u>311,082</u>	<u>-</u>
<b>Investments in exploration properties (note 3)</b>		<u>250,770</u>	<u>-</u>
<b>Total assets</b>		<u>\$ 561,852</u>	<u>\$ -</u>
	<u>LIABILITIES</u>		
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 46,709	\$ -
<b>Total current liabilities</b>		<u>46,709</u>	<u>-</u>
Future tax liability (note 10)		<u>34,702</u>	<u>-</u>
<b>Total liabilities</b>		<u>81,411</u>	<u>-</u>
	<u>SHAREHOLDERS' EQUITY</u>		
Share capital (note 5)		468,917	-
Warrants (note 7)		62,029	-
Contributed surplus (note 6)		82,698	-
Deficit		<u>(133,203)</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>480,441</u>	<u>-</u>
<b>Total liabilities and shareholders' equity</b>		<u>\$ 561,852</u>	<u>\$ -</u>

Nature of business and going concern (note 1)

Subsequent events (note 14)

Commitments and Contingencies (note 4)

**APPROVED ON BEHALF OF THE BOARD**  
"Andres Tinajero" (Director)

"Jean-Pierre Chauvin" (Director)

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

**LAKESIDE MINERALS CORP**

(A Development Stage Company)

Statement of Operations and Deficit and Comprehensive Loss

Year Ended January 31, 2011 and 2010

(Expressed in Canadian Dollars)

(Audited)

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	<u>2011</u>	Cumulative since inception of Company August 24, 2007
<b>Expenses</b>		
Consulting fees	\$ 44,000	\$ 44,000
Professional fees	20,269	20,269
Office and general	3,034	3,034
Stock based compensation	<u>82,698</u>	<u>82,698</u>
<b>Total expenses</b>	<u>150,001</u>	<u>150,001</u>
<b>Loss before tax</b>	<u>150,001</u>	<u>150,001</u>
<b>Income tax recovery</b>	<u>(16,798)</u>	<u>(16,798)</u>
<b>Net loss and comprehensive loss</b>	<u>(133,203)</u>	<u>(133,203)</u>
<b>Weighted average shares outstanding</b>		
- basic and diluted (note 5)	<u>1,781,840</u>	<u>1,781,840</u>
<b>Loss per share</b>		
- basic and diluted	<u>\$ (0.075)</u>	<u>\$ (0.075)</u>
<b>Retained earnings, beginning of year</b>	-	-
<b>Deficit, end of year</b>	<u>\$ (133,203)</u>	<u>\$ (133,203)</u>

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

**LAKESIDE MINERALS CORP.**  
(A Development Stage Company)  
Statement of Cash Flows  
Year Ended January 31, 2011 and 2010  
(Expressed in Canadian Dollars)  
(Audited)

	<u>2011</u>	<u>Cumulative since inception of Company August 24, 2007</u>
<b>Cash Flows from Operating Activities</b>		
Net Loss	\$ (133,203)	\$ (133,203)
Adjustments for:		
Stock based compensation (note 6)	82,698	82,698
Future income tax recovery	(16,798)	(16,798)
<b>Funds used in operating activities</b>		
Changes in non-cash working capital:		
Accounts receivable	(15,437)	(15,437)
Accounts payable and accrued charges	46,709	46,709
<b>Net funds used in operating activities</b>	<u>(36,031)</u>	<u>(36,031)</u>
<b>Cash Flows from Investing Activities:</b>		
Exploration properties (note 3)	<u>(125,770)</u>	<u>(125,770)</u>
<b>Net funds (used in) investing activities</b>	<u>(125,770)</u>	<u>(125,770)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from common stock private placement (note 5)	463,601	463,601
Share issuance cost	(6,155)	(6,155)
<b>Net funds provided by financing activities</b>	<u>457,446</u>	<u>457,446</u>
<b>Net Increase in Cash</b>	<b>295,645</b>	<b>295,645</b>
<b>Cash – Beginning of Year</b>	<b>-</b>	<b>-</b>
<b>Cash – End of Year</b>	<b>\$ <u>295,645</u></b>	<b>\$ <u>295,645</u></b>

**Non Cash Transaction:**

During the twelve months ended January 31, 2011.

- Pursuant to obligations under various option agreements (note 3), the Company issued a total of 2,500,000 common shares at a subscribed price of \$0.05 for a total consideration of \$125,000.
- Pursuant to a private placement of shares (note 5), the Company issued 1,382,500 warrants with an estimated fair value of \$62,029 (note 7).

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

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

Alpaca Holdings Inc. (“Alpaca”) was incorporated on August 21, 2007 under laws of Ontario, Canada. The Company did not carry out any commercial activity and was dormant for the year ended January 31, 2009. On November 15, 2010, Alpaca changed its name to Lakeside Minerals Corp. (“Company”). The Company is engaged in the acquisition, exploration and development of mineral resource properties in Canada. 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.

The investment in and anticipated exploration expenditures on the exploration properties will comprise a significant portion of the Company’s assets. Realization of the Company’s investment in these assets is dependent upon obtaining the necessary financing to continue exploration and development of the properties, the attainment of successful production from the properties or from the proceeds of their disposal. The continuing operations of the Company are dependent upon its ability to continue to raise capital to fund its exploration and development programs. While the Company has been successful in securing financing in the year, there can be no assurance that it will be able to do so in the future. These statements have been prepared on a going-concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

To date the Company has not earned revenue from its optioned mineral properties and is considered to be in the development stage.

On January 20, 2011, the Company and Grasslands Entertainment Inc. (“Grasslands”), a company listed on the TSX Venture Exchange (“Exchange”) entered into an arm’s length binding letter agreement pursuant to which Grasslands will acquire all of the issued outstanding securities of the Company (“Going public transaction”). The transaction will constitute a reverse take-over (“RTO”) of the Company under the policies of the Exchange.

**2. Summary of Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The principal accounting policies followed by the Company are as follows:

**Investments in Exploration Properties**

The Company capitalizes property acquisition costs and related exploration expenditures until such time as the mineral properties are brought into production, are sold or are abandoned. These costs will be amortized over the estimated useful lives of the mineral properties following the commencement of production or written off if the mineral properties are sold, are abandoned or are determined by management to be impaired. The recorded costs of mineral properties, including exploration expenditures, representing costs incurred to date do not reflect present or future values.



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#### Title to Mineral Property Interests

Although the Company has taken steps to verify the title to mineral properties 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 or transfers and title may be affected by undetected defects.

#### Use of Estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant areas requiring the use of management estimates relate to the determination of impairment of investments in exploration properties, stock based compensation, warrants and options valuation and future tax assets and liabilities. Actual results could differ from those estimates.

#### Income Taxes

The asset and liability method is used for determining future income taxes. Under this method, future income tax assets and liabilities are recognized for the estimate income taxes recoverable or payable that would arise if assets and liabilities were recovered and settled at the financial statement carrying amounts. Future income tax assets and liabilities are measured using the substantively enacted income tax rates expected to be in effect when the income tax assets or liabilities are recovered or settled, respectively. Changes to these amounts are recognized in income in the year in which the changes occur. Further income tax assets, including the tax benefit of losses carried forward, are recognized to the extent that it is more likely than not that the Company will realize the benefits of the asset.

#### Flow-Through Financing

The Company has issued securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the expenditure of proceeds. When the tax authorities are informed that the resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate) and share capital is reduced.

#### Stock-Based Compensation

The Company uses the fair value method of accounting to recognize compensation costs for the granting of all stock options and warrants using the Black-Scholes option pricing model. At exercise, the consideration paid by the warrant or option holders to purchase shares is credited to capital stock and the initial contributed surplus or warrants would be reversed.

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#### Loss Per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Basic loss per share is calculated using the weighted average number of shares outstanding during the year.

#### Impairment of Long-Lived Assets

Whenever events or circumstances indicated that an asset's fair value may not be at least equal to its carrying value, management of the Company reviews the net carrying value. This review involves consideration of the fair value of each property to determine whether a permanent impairment in value has occurred and whether any asset write down is necessary. The Company considers metal prices, cost of production, proven and probable reserves and salvage value of the mineral property.

Management's estimates are subject to risks and uncertainties of changes affecting the recoverability of the Company's investment in mineral properties. Management's estimates of these factors are based on current conditions. Nonetheless, it is reasonably possible that in the near term, changes that could adversely affect managements estimate of net cash flows expected to be generated from its properties could occur. This would necessitate a write down for asset impairment.

The Company also follows the guidance of EIC-174 "Impairment Testing of Mineral Exploration Properties" which states that a mining enterprise in the development stage, which has initially capitalized exploration costs but has not established mineral reserves objectively, is not obligated to conclude that the capitalized costs have been impaired.

#### Asset Retirement Obligations

The fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The Company did not have any asset retirement obligations as at January 31, 2011.

#### Financial Instruments

##### Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Financial instruments are classified into one of five categories: held-for-trading; held-to-maturity investments; loans and receivables; available-for-sale; financial assets or other financial liabilities. All financial assets and financial liabilities are recorded initially at fair value. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

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The Company's financial assets and liabilities are generally classified and measured as follows:

<u>Asset/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for Trading	Fair Value
Accounts payable and accrued liabilities	Other liabilities	Amortized Cost

#### Disclosure and Presentation

The sections "Financial Instruments – Disclosures" ("Section 3862") and "Financial Instruments – Presentation" ("Section 3863") replace Section 3861, "Financial Instruments, Disclosure and Presentation". These sections increase the emphasis on the risk associated with the financial instruments and how those risks are managed. The presentation standard carries forward the former presentation requirements under the existing Section 3861. The standards are implemented into the current period financial statements.

#### Section 3862 – Financial Instruments – Disclosures

In June 2009, Section 3862 was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

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

The only financial instrument on the balance sheet measured at fair value is cash which is measured at level 1 of the fair value hierarchy.

#### **Recent Accounting Pronouncements Not Yet Adopted**

##### Business Combinations

In January 2009, the CICA issued Section 1582, Business Combinations. This section is effective January 1, 2011 and applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period of the Company beginning on or after January 1, 2011, which for the Company is February 1, 2011. Early adoption is permitted. This section replaces Section 1581, Business Combinations and harmonizes the Canadian standards with international financial reporting standards (IFRS). This standard is not expected to have an effect on the Company.

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International Financial Reporting Standards (IFRS)

In February 2008, the Accounting Standards Board (AcSB) confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, for year ends beginning on or after January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended January 31, 2011, and the opening balance sheet as at February 1, 2010.

The Company will monitor changes to IFRS and assess the impact that these new standards will have on the financial results and on the IFRS changeover project. The financial impacts on changeover to IFRS are not expected to be material to the financial statements, and it is expected that the impact will be similar in nature to other companies in the same line of business. The Company has identified mineral properties as an area where the adoption of IFRS may have an effect on the Company's financial reporting. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required, as well as system changes that may be necessary to gather and process the required information.

### **3. Investments in Exploration Properties**

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

#### Dufay Claims

The Company entered into an agreement with arm's length parties dated October 19, 2010, to acquire a 100% interest in Dufay mining claims consisting of 49 mining claims located in the province of Quebec. Pursuant to the terms of the Dufay Agreement, the Company issued 1,000,000 shares of its common stock and paid \$25,000 to the vendors immediately upon signing the agreement. The Company also became obligated 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.
- 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 mineral claims within the first 18 months after the execution of the agreement and an additional \$500,000 in exploration on the mineral 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.

As of January 31, 2011, 1,000,000 common shares have been issued and the Company has recorded \$140,770 pursuant to the Dufay Claims of which \$75,000 has been classified as property acquisition costs and \$65,770 has been expended in exploration costs.

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The investment in the Dufay claims is summarized as follows:

	<b>Opening Balance February 1, 2010</b>	<b>Additions</b>	<b>Ending Balance January 31, 2011</b>
Acquisition costs	\$ -	\$ 75,000	\$ 75,000
IP surveys	-	20,000	20,000
Geologists/technicians	-	29,200	29,200
Reports/maps/other	-	16,570	16,570
	<u>\$ -</u>	<u>\$ 140,770</u>	<u>\$ 140,770</u>

Disson Claims

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in Disson mining claims consisting of 36 mining claims located in the province of Quebec. Pursuant to the terms of the agreement, the Company issued 250,000 shares of its common stock and paid \$15,000 to the vendors immediately upon signing the agreement. The Company also became obligated 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.
- b) \$35,000 and 250,000 shares on the first anniversary of the agreement.
- 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 mineral 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 an agreement with Globex Mining Enterprises Inc. a total of 32 Disson mining claims are subject to a 1% Gross Metal Royalty.

As of January 31, 2011, 250,000 common shares have been issued and the Company has recorded \$27,500 pursuant to the Disson Claims, all of which has been classified as property acquisition costs.

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The investment in the Disson claims is summarized as follows:

	<b>Opening Balance February 1, 2010</b>	<b>Additions</b>	<b>Closing Balance January 31, 2011</b>
Acquisition costs	\$ -	\$ 27,500	\$ 27,500

Launay Claims

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in Launay mining claims consisting of 28 mining claims located in the province of Quebec. Pursuant to the terms of the Launay Agreement, the Company issued 250,000 shares of its common stock and paid \$10,000 to the vendors immediately upon signing the agreement. The Company also became obligated to issue an additional 750,000 common shares and pay \$90,000 as follows:

- a) \$15,000 within seven days of the Company completing a going public transaction.
- b) \$20,000 and 250,000 shares on the first anniversary of the agreement.
- 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 mineral 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.

As of January 31, 2011, 250,000 common shares have been issued and the Company has recorded \$22,500 pursuant to the Launay Claims, all of which has been classified as property acquisition costs.

The investment in the Launay claims is summarized as follows:

	<b>Opening Balance February 1, 2010</b>	<b>Additions</b>	<b>Closing Balance January 31, 2011</b>
Acquisition costs	\$ -	\$ 22,500	\$ 22,500

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Quevillon Claims

The Company entered into an agreement with arm's length parties dated December 7, 2010 to acquire a 100% interest in Quevillon mining claims consisting of 46 mining claims located in the province of Quebec. Pursuant to the terms of the agreement, the Company issued 50,000 shares of its common stock and paid \$5,000 to the vendors immediately upon signing the agreement. The Company also became obligated to issue an additional 200,000 common shares and pay \$45,000 as follows:

- a) \$5,000 within seven days of the Company completing a going public transaction.
- b) \$10,000 and 50,000 shares on the first anniversary of the agreement.
- 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 mineral 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.

As of January 31, 2011, 50,000 common shares have been issued and the Company has recorded \$7,500 pursuant to the Quevillon Claims, all of which has been classified as property acquisition costs.

The investment in the Quevillon claims is summarized as follows:

	<b>Opening Balance February 1, 2010</b>	<b>Additions</b>	<b>Closing Balance January 31, 2011</b>
Acquisition costs	\$ -	\$ 7,500	\$ 7,500

Kipawa Claims

The Company entered into an agreement with arm's length parties dated December 2, 2010, to acquire a 100% interest in Kipawa mining claims consisting of 45 mining claims located in the province of 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. The Company also became obligated to pay \$4,500 within seven days of the Company closing a going public transaction.

Upon successful completion of all these obligations the Vendor shall transfer title to the claims to the Company.

As of January 31, 2011, 50,000 common shares have been issued and the Company has recorded \$2,500 pursuant to the Kipawa Claims, all of which has been classified as property acquisition costs.

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The investment in the Kipawa claims is summarized as follows:

	<u>Opening Balance February 1, 2010</u>	<u>Additions</u>	<u>Closing Balance January 31, 2011</u>
Acquisition costs	\$ -	\$ 2,500	\$ 2,500

Rare Earth 21M16 Claims

The Company entered into an agreement with arm's length parties dated November 15, 2010, to acquire a 100% interest in Rare Earth 21M16 mining claims consisting of 56 mining 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 and \$5,000 were issued. The additional \$5,000 will be issued six months after the signing 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%.

As of January 31, 2011, 400,000 common shares have been issued and the Company has recorded \$25,000 pursuant to the Rare Earth 21M16 Claim all of which has been classified as property acquisition costs.

The investment in the Rare Earth 21M16 claims is summarized as follows:

	<u>Opening Balance February 1, 2010</u>	<u>Additions</u>	<u>Closing Balance January 31, 2011</u>
Acquisition costs	\$ -	\$ 25,000	\$ 25,000

Uranium 22B15 Claims

The Company entered into an agreement with arm's length parties dated December 2, 2010, to acquire a 100% interest in Uranium 22B15 mining claims consisting of 293 mining 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. The Company also became obligated to issue an additional 1,500,000 common shares and pay \$15,000 as follows:

- a) \$15,000 upon the earlier of March 31, 2011 or within seven days of the Company completing a going public transaction.
- b) 500,000 shares on the first anniversary of the agreement.
- c) 500,000 shares on the second anniversary.
- d) 500,000 shares on the third anniversary.

The Company shall drill a minimum of 1,000 meters within 18 months from the date of the agreement.



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Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a NSR of 2%.

As of January 31, 2011, 500,000 common shares have been issued and the Company has recorded \$25,000 pursuant to the Uranium 22B15 Claims, all of which has been classified as property acquisition costs.

The investment in the Uranium 22B15 claims is summarized as follows:

	<b>Opening Balance February 1, 2010</b>	<b>Additions</b>	<b>Closing Balance January 31, 2011</b>
Acquisition costs	\$ -	\$ 25,000	\$ 25,000

The Company's total investment in mining claims is summarized as follows:

	<b>Opening Balance February 1, 2010</b>	<b>Additions</b>	<b>Closing Balance January 31, 2011</b>
Claims:			
Dufay	\$ -	\$ 140,770	\$ 140,770
Disson	-	27,500	27,500
Launay	-	22,500	22,500
Quevillon	-	7,500	7,500
Kipawa	-	2,500	2,500
Rare Earth 21M16	-	25,000	25,000
Uranium 22B15	-	25,000	25,000
	<u>\$ -</u>	<u>\$ 250,770</u>	<u>\$ 250,770</u>

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**4. Commitments and Contingencies**

Under the terms of the various agreements for management and consulting services the Company is committed to payments as follows (Note 9):

Years	Amounts
2012	\$204,000
2013	\$ 21,000
<b>Total</b>	<b>\$225,000</b>

In addition, the Company has various obligations to satisfy option agreements (Note 3).

**5. Share Capital**

Capital stock is comprised of the following:

	January 31, 2011	
	# of shares	\$
<b>Authorized</b>		
Unlimited number of common shares without par value		
<b>Issued</b>		
Common shares		
August 21, 2007	100	1
October 1, 2010	1,000,000	100
December 1, 2010	3,740,000	187,000
Between October 20 and November 30, 2010	2,500,000	125,000
December 29, 2010	2,060,000	206,000
December 29, 2010	705,000	70,500
	<b>10,005,100</b>	<b>588,601</b>
Share issue costs		(6,155)
Warrants		(62,029)
Tax effect of renunciation of eligible exploration expenses (note 10)		(51,500)
		<b>\$ 468,917</b>

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**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 the initial director 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 (note 3) 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.

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 a period that is the earlier of (a) 60 months from December 29, 2010, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

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 that is the earlier of (a) 60 months from December 29, 2010, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

**6. Contributed Surplus and Stock Option Plan**

The Company awards stock options to directors, management and advisors of the Company. Options are granted at the fair market value of the shares on the day granted. The compensation expense is recognized when options are issued 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.

Stock option activity is summarized as follows:

	Number of shares	Weighted average life remaining (years)	Weighted average exercise price	Expiry Date
<b>January 31, 2010</b>	-	-		
<b>Granted</b>	1,400,000	5.0	\$ 0.20	December 16, 2015
<b>January 31, 2011</b>	<u>1,400,000</u>	<u>5.0</u>	<u>\$ 0.20</u>	

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The estimated fair value of \$82,698 of stock compensation expense was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.36%
Expected life of options	5 years
Expected volatility	125%
Expected dividend yield	0

As of January 31, 2011, \$82,698 has been expensed with a corresponding credit to contributed surplus.

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.

**7. Warrants**

Warrant activity is summarized as follows:

	Number of shares	Weighted average life remaining (years)	Weighted average exercise price
<b>January 31, 2010</b>	-	-	
<b>Issued</b>	1,382,500	2.4	\$ 0.20
<b>January 31, 2011</b>	<u>1,382,500</u>	<u>2.4</u>	<u>\$ 0.20</u>

The expiry date is the earlier of December 15, 2015 or 24 months from the date of completion of a going public transaction.

The estimated fair value of \$62,029 of warrants was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.76%
Expected life of options	2.4 years
Expected volatility	139%
Expected dividend yield	0

This amount has been recorded as a reduction of capital stock with a corresponding amount recorded as warrants within shareholders' equity.

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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.

**8. Financial Instruments**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of the Company's cash and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these instruments.

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

A) Credit Risk

The Company is not exposed to credit risk attributable to customers. Additionally, the Company's cash are held with a high rated Canadian financial institution in Canada. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

B) Market Risk

Interest Rate Risk

There is no debt, interest bearing or otherwise currently outstanding. The Company may invest cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian Bank accounts.

Foreign Currency Risk

As the Company's exploration and evaluation activities are denominated in Canadian dollars and the Company's funds are kept in Canadian dollars with a major Canadian financial Institution, the Company has no current foreign exchange risk.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At January 31, 2011, the Company had current assets of \$311,082 and current liabilities of \$46,709. All of the Company's financial liabilities and assets have contractual maturities of less than 90 days and are subject to normal trade terms.

Commodity Risk

The price of the common shares, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or

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deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Sensitivity analysis

The Company has, for accounting purposes, designated its cash as held-for-trading, which is measured at fair value. Amounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which approximates fair market value.

As of January 31, 2011, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent because of the limited term of these instruments.

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) Cash and cash equivalents are subject to floating interest rates. The Company has no debt and receives little or no interest rates on its cash balances. As such the Company does not have significant interest rate risk; and
- (ii) The Company generally does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

**9. Related Party Transactions**

On October 1, 2010, the Company issued 1,000,000 common shares to Foundation Opportunities Inc. ("FOI"), for total consideration of \$100. FOI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Yannis Banks, the Company's Chief Executive Officer is an officer, director and shareholder.

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.

The Company and FOI entered into a financial advisory and consulting agreement on October 15, 2010. In consideration for services the Company agreed to pay a fee of \$7,000 per month for a period of eighteen months. 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, 2011 the Company paid FOI \$28,000 for financial advisory and consulting services rendered.

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The Company and Cavalry Corporate Solutions Ltd (“Cavalry”) entered into a management services agreement on November 1, 2010. Cavalry is an entity in which FFHC and Gary Hokkanen, the Company’s Chief Financial Officer are shareholders. In consideration for services the Company agreed to pay \$4,000 for the first three month period and \$5,000 per month until October 31, 2011. For the year ended January 31, 2010 the Company recorded \$12,000 for management services provided by Cavalry. At January 31, 2010, accounts payable and accrued liabilities included \$4,520 due to Cavalry.

During the year ended January 31, 2011, Fogler Rubinoff LLP (“Fogler”) a law firm in which Adam Szweras a director of the Company is also a partner, provided \$10,705 of legal services. At January 31, 2010 accounts payable and accrued liabilities include \$12,096 due to Fogler.

The Company entered into a general consultancy agreement with Caracle Creek International Consulting Inc. (“CCIC”) in which Scott Jobin-Bevans a director of the Company is a significant shareholder. CCIC was engaged to provide a NI 43-101 report and field work on the Dufay mineral property. CCIC provided \$65,770 of consulting services during the period which was capitalized in investments in exploration properties. At January 31, 2011 accounts payable and accrued liabilities include \$9,320 due to CCIC.

These transactions are in the normal course of business and are measured at the exchange amounts.

**10. Income Taxes**

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.

	<u>January 31, 2011</u>
Loss before income taxes	\$ (150,001)
Tax rate	30.76%
Calculated income tax recovery	(46,140)
Non deductible stock options and others	25,470
Change in rate	<u>3,872</u>
Income tax recovery	<u>\$ (16,798)</u>

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

	<u>January 31, 2011</u>
Future income tax assets	
Non-capital loss carry forwards	\$ 16,798
Future income tax liability	
Renunciation of flow-through shares	<u>(51,500)</u>
Net future income tax liability	<u>\$ (34,702)</u>

### **11. Capital Management**

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities and related administrative functions necessary to support organizational functioning. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company, subject to approval of the Board of Directors, may attempt to issue new shares, issue debt or acquire or dispose of assets. The Company manages its capital structure in a manner that provides sufficient funding for operational activities and ensures the company will be able to continue as a going concern. Funds are primarily secured through equity capital raised by way of private placements. There is no assurance that the Company will be able to continue raising equity capital in this manner.

The Company defines capital as the aggregate of its shareholders' equity which is comprised of capital stock, contributed surplus, warrants and deficit. The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, all held with a major Canadian financial institution.

### **12. Segmented Information**

The Company operates in only one business segment, namely the exploration of mining properties in Quebec. All of the Company's assets are located in Canada.

### **13. Subsequent Events**

On March 31, 2011, the Company terminated the Uranium 22B15 agreement and forfeited its option to acquire the mining claims. The Company received an additional 36 mining claims from the vendor for consideration of \$1.



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On April 5, 2011, the Company completed a flow-through share and non-flow-through share private placement of 2,050,000 flow-through units ("Flow-Through Unit") and 2,000,000 non-flow-through units ("Non-Flow-Through Unit") at a price of \$0.10 per unit, for gross proceeds of \$405,000. Each Flow-Through 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 that is the earlier of; (a) 60 months from April 5, 2011, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20. Each Non-Flow-Through Unit consisted of one common share and one-half warrant. A whole warrant can be exercised to acquire one common share for a period that is the earlier of; (a) 60 months from April 5, 2011, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

**LAKESIDE MINERALS CORP.**

(A DEVELOPMENT STAGE COMPANY)

INTERIM UNAUDITED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED APRIL 30, 2011 AND 2010

(EXPRESSED IN CANADIAN DOLLARS)

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

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

**LAKESIDE MINERALS CORP**  
(A Development Stage Company)  
Interim Balance Sheets  
(Expressed in Canadian Dollars)

<u>ASSETS</u>	April 30, 2011 (unaudited)	January 31, 2011 (audited)	January 31, 2010 (audited)
<b>Current</b>			
Cash	\$ 457,932	\$ 295,645	\$ -
HST Receivable	34,827	15,437	-
<b>Total current assets</b>	<u>492,759</u>	<u>311,082</u>	<u>-</u>
<b>Investments in exploration properties (note 3)</b>	354,791	250,770	-
<b>Total assets</b>	<u>\$ 847,550</u>	<u>\$ 561,852</u>	<u>\$ -</u>
<b><u>LIABILITIES</u></b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 145,664	\$ 46,709	\$ -
<b>Total current liabilities</b>	<u>145,664</u>	<u>46,709</u>	<u>-</u>
Future tax liability	34,702	34,702	-
<b>Total liabilities</b>	<u>180,366</u>	<u>81,411</u>	<u>-</u>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Share capital (note 5)	759,060	468,917	-
Warrants (note 7)	152,885	62,029	-
Contributed surplus (note 6)	113,259	82,698	-
Deficit	(358,020)	(133,203)	-
<b>Total shareholders' equity</b>	<u>667,184</u>	<u>480,441</u>	<u>-</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 847,550</u>	<u>\$ 561,852</u>	<u>\$ -</u>

**Nature of business and going concern (note 1)**

**Subsequent events (note 12)**

**Commitments and Contingencies (note 4)**

**APPROVED ON BEHALF OF THE BOARD**  
**"Andres Tinajero" (Director)**

**"Jean-Pierre Chauvin" (Director)**

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

**LAKESIDE MINERALS CORP**

(A Development Stage Company)

Interim Unaudited Statements of Operations and Deficit and Comprehensive Loss

(Expressed in Canadian Dollars)

	<b>Three months ended April 30, 2011</b>	<b>Three months ended April 30, 2010</b>	<b>Cumulative since inception of Company August 21, 2007</b>
<b>Expenses</b>			
Consulting fees and salaries	\$ 75,833	\$ -	\$ 119,833
Professional fees	90,036	-	110,305
Office and general	3,387	-	6,421
Stock based compensation	30,561	-	113,259
Impairment (note 3)	25,000	-	25,000
<b>Total expenses</b>	<b>224,817</b>	<b>-</b>	<b>374,818</b>

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

<b>Loss before tax</b>	<u>224,817</u>	<u>-</u>	<u>374,818</u>
<b>Income tax recovery</b>	<u>-</u>	<u>-</u>	<u>(16,798)</u>
<b>Net loss and comprehensive loss</b>	<u>(224,817)</u>	<u>-</u>	<u>(358,020)</u>
<b>Weighted average shares outstanding</b> - basic and diluted (note 5)	<u>11,339,759</u>	<u>-</u>	<u>3,483,643</u>
<b>Loss per share</b> - basic and diluted	<u>\$ (0.02)</u>	<u>\$ -</u>	<u>\$ (0.10)</u>
<b>Deficit, beginning of year</b>	(133,203)	-	-
<b>Deficit, end of period</b>	<u>\$ (358,020)</u>	<u>\$ -</u>	<u>\$ (358,020)</u>

**LAKESIDE MINERALS CORP.**

(A Development Stage Company)

Unaudited Interim Statements of Cash Flows

For the three months periods ended April 30, 2011 and 2010

(Expressed in Canadian Dollars)

	<u>Three months ended April 30, 2011</u>	<u>Three months ended April 30, 2010</u>	<u>Cumulative since inception of Company August 21, 2007</u>
<b>Cash Flows from Operating Activities</b>			
Net Loss	\$ (224,817)	\$ -	\$ (358,020)
Adjustments for:			
Stock based compensation (note 6)	30,561	-	113,259
Future income tax recovery	-	-	(16,798)
Impairment (note 3)	25,000		25,000

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

<b>Funds used in operating activities</b>			
Changes in non-cash working capital:			
Accounts receivable	(19,391)	-	(34,827)
Accounts payable and accrued liabilities	98,955	-	145,664
<b>Net funds used in operating activities</b>	<b>(89,692)</b>	<b>-</b>	<b>(125,722)</b>
<b>Cash Flows from Investing Activities:</b>			
Exploration properties (note 3)	(129,021)	-	(254,791)
<b>Net funds (used in) investing activities</b>	<b>(129,021)</b>	<b>-</b>	<b>(254,791)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from common stock private placement (note 5)	405,000	-	868,601
Share issuance cost	(24,000)	-	(30,156)
<b>Net funds provided by financing activities</b>	<b>381,000</b>	<b>-</b>	<b>838,445</b>
<b>Net Increase in Cash</b>	<b>162,287</b>	<b>-</b>	<b>457,932</b>
<b>Cash – Beginning of Year</b>	<b>295,645</b>	<b>-</b>	<b>457,932</b>
<b>Cash – End of Period</b>	<b>\$ 457,932</b>	<b>\$ -</b>	<b>\$ 457,932</b>

**Non Cash Transaction:**

During the three months ended April 30, 2011, the Company:

- pursuant to a private placement of shares (note 5), the Company issued 2,025,000 warrants with an estimated fair value of \$90,856 (note 7).

**LAKESIDE MINERALS CORP.**  
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**1. Nature of Business and Going Concern**

Alpaca Holdings Inc. ("Alpaca") was incorporated on August 21, 2007 under laws of Ontario, Canada. The Company did not carry out any commercial activity and was dormant until October 1, 2010. On November 15, 2010, Alpaca changed its name to Lakeside Minerals Corp. ("Company"). The Company is engaged in the acquisition, exploration and development of mineral resource properties in Canada. 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.

The investment in and anticipated exploration expenditures on the exploration properties will comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon obtaining the necessary financing to continue exploration and development of the properties, the attainment of successful production from the properties or from the proceeds of their disposal. The continuing operations of the Company are dependent upon its ability to continue to raise capital to fund its exploration and development programs. While the Company has been successful in securing financing in the year, there can be no assurance that it will be able to do so in the future. These statements have been prepared on a going-concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

To date the Company has not earned revenue from its optioned mineral properties and is considered to be in the development stage.

On January 20, 2011, the Company and Grasslands Entertainment Inc. ("Grasslands"), a company listed on the TSX Venture Exchange ("Exchange") entered into an arm's length binding letter agreement pursuant to which Grasslands will acquire all of the issued outstanding securities of the Company ("Going public transaction"). The transaction will constitute a reverse take-over ("RTO") of the Company under the policies of the Exchange.

**2. Summary of Significant Accounting Policies**

These interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of their application as the most recent financial statements for the year ended January 31, 2011 except as disclosed below. These financial statements do not contain all the information that is required for annual financial statements and should be read in conjunction with those audited financial statements.

**Recent Accounting Pronouncements Not Yet Adopted**

**Business Combinations**

In January 2009, the CICA issued Section 1582, Business Combinations. This section is effective January 1, 2011 and applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period of the Company beginning on or after January 1, 2011, which for the Company is February 1, 2011. Early adoption is permitted. This section replaces Section 1581, Business Combinations and harmonizes the Canadian standards with international financial reporting standards (IFRS). This standard is not expected to have an effect on the Company.



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International Financial Reporting Standards (IFRS)

In February 2008, the Accounting Standards Board (AcSB) confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, for year ends beginning on or after January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended January 31, 2011, and the opening balance sheet as at February 1, 2010.

The Company has completed its final determination of changes to its accounting policies and choices to be made with respect to first-time adoption alternatives but has opted, as a private entity, to continue to issue its financial statements under Canadian GAAP. The Company engaged its financial accounting services provider to prepare a written report including the expected changes as a result of the transition to IFRS. The Company plans to implement the transition effective February 1, 2011 if required pursuant to the proposed reverse-take-over with Grassland Entertainment Inc.

**3. Investments in Exploration Properties**

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

Dufay Claims

The Company entered into an agreement with arm's length parties dated October 19, 2010, to acquire a 100% interest in Dufay mining claims consisting of 53 contiguous mining 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 and paid \$25,000 to the vendors immediately upon signing the agreement. The Company also became obligated 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.
- 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 mineral claims within the first 18 months after the execution of the agreement and an additional \$500,000 in exploration on the mineral 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.

As of April 30, 2011, 1,000,000 common shares have been issued and the Company has recorded \$225,787 pursuant to the Dufay Claims of which \$75,000 has been classified as property acquisition costs and \$150,787 has been expended in exploration costs.

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The investment in the Dufay claims is summarized as follows:

	<b>Opening Balance February 1, 2011</b>	<b>Additions</b>	<b>Ending Balance April 30, 2011</b>
Acquisition costs	\$ 75,000	\$ -	\$ 75,000
IP surveys	20,000	35,000	55,000
Geologists/technicians	29,200	-	29,200
Reports/maps/other	16,570	50,017	66,587
	<u>\$ 140,770</u>	<u>\$ 85,017</u>	<u>\$ 225,787</u>

Disson Claims

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in Disson mining claims consisting of 36 contiguous mining 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 and paid \$15,000 to the vendors immediately upon signing the agreement. The Company also became obligated 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.
- b) \$35,000 and 250,000 shares on the first anniversary of the agreement.
- 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 \$20,000 due within seven days of the Company completing a going public transaction was paid in advance during the three months period ended April 30, 2011.

The Company shall perform \$300,000 in exploration on the mineral 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 an agreement with Globex Mining Enterprises Inc. a total of 32 Disson mining claims are subject to a 1% Gross Metal Royalty.

As of April 30, 2011, 250,000 common shares have been issued and the Company has recorded \$49,502 pursuant to the Disson Claims, of which \$47,500 has been classified as property acquisition costs and \$2,002 has been expended in exploration costs.

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The investment in the Disson claims is summarized as follows:

	<b>Opening Balance February 1, 2011</b>	<b>Additions</b>	<b>Closing Balance April 30, 2011</b>
Acquisition costs	\$ 27,500	\$ 20,000	\$ 47,500
Reports/maps/other	-	2,002	2,002
	<u>\$ 27,500</u>	<u>22,002</u>	<u>49,502</u>

Launay Claims

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in Launay mining claims consisting of 28 non-contiguous mining 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 and paid \$10,000 to the vendors immediately upon signing the agreement. The Company also became obligated 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.
- b) \$20,000 and 250,000 shares on the first anniversary of the agreement.
- c) \$25,000 and 250,000 shares on the second anniversary.
- d) \$30,000 and 250,000 shares on the third anniversary.

The \$15,000 due within seven days of the Company completing a going public transaction was paid in advance during the three month period ended April 30, 2011.

The Company shall perform \$250,000 in exploration on the mineral 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.

As of April 30, 2011, 250,000 common shares have been issued and the Company has recorded \$39,502 pursuant to the Launay Claims, of which \$37,500 has been classified as property acquisition costs and \$2,002 has been expended in exploration costs.

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The investment in the Launay claims is summarized as follows:

	<b>Opening Balance February 1, 2011</b>	<b>Additions</b>	<b>Closing Balance April 30, 2011</b>
Acquisition costs	\$ 22,500	\$ 15,000	\$ 37,500
Reports/maps/other	-	2,002	2,002
	<u>22,500</u>	<u>17,002</u>	<u>39,502</u>

Quevillon Claims

The Company entered into an agreement with arm's length parties dated December 7, 2010 to acquire a 100% interest in Quevillon mining claims consisting of 46 mining 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 and paid \$5,000 to the vendors immediately upon signing the agreement. The Company also became obligated 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.
- b) \$10,000 and 50,000 shares on the first anniversary of the agreement.
- c) \$15,000 and 50,000 shares on the second anniversary.
- d) \$15,000 and 100,000 shares on the third anniversary.

The \$5,000 due within seven days of the Company completing a going public transaction was paid in advance during the three month period ended April 30, 2011.

The Company shall perform \$50,000 in exploration on the mineral 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.

As of April 30, 2011, 50,000 common shares have been issued and the Company has recorded \$12,500 pursuant to the Quevillon Claims, all of which has been classified as property acquisition costs.

The investment in the Quevillon claims is summarized as follows:

	<b>Opening Balance February 1, 2011</b>	<b>Additions</b>	<b>Closing Balance April 30, 2011</b>
Acquisition costs	\$ 7,500	\$ 5,000	\$ 12,500

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Kipawa Claims

The Company entered into an agreement with arm's length parties dated December 2, 2010, to acquire a 100% interest in Kipawa mining claims consisting of 45 mining claims located in the province of 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. The Company also became obligated to pay \$4,500 within seven days of the Company closing a going public transaction.

Upon successful completion of all these obligations the Vendor shall transfer title to the claims to the Company.

As of April 30, 2011, 50,000 common shares have been issued and the Company has recorded \$2,500 pursuant to the Kipawa Claims, all of which has been classified as property acquisition costs.

The investment in the Kipawa claims is summarized as follows:

	<b>Opening Balance February 1, 2011</b>	<b>Additions</b>	<b>Closing Balance April 30, 2011</b>
Acquisition costs	\$ <u>2,500</u>	\$ <u>-</u>	\$ <u>2,500</u>

21M16 Claims

The Company entered into an agreement with arm's length parties dated November 15, 2010, to acquire a 100% interest in 21M16 mining claims consisting of 56 mining 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 and \$5,000 were issued. The additional \$5,000 will be issued six months after the signing 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%.

As of April 30, 2011, 400,000 common shares have been issued and the Company has recorded \$25,000 pursuant to the 21M16 Claim all of which has been classified as property acquisition costs.

The investment in the 21M16 claims is summarized as follows:

	<b>Opening Balance February 1, 2011</b>	<b>Additions</b>	<b>Closing Balance April 30, 2011</b>
Acquisition costs	\$ <u>25,000</u>	\$ <u>-</u>	\$ <u>25,000</u>

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Uranium 22B15 Claims

The Company entered into an agreement with arm's length parties dated December 2, 2010, to acquire a 100% interest in Uranium 22B15 mining claims consisting of 293 mining 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. The Company also became obligated to issue an additional 1,500,000 common shares and pay \$15,000 as follows:

- a) \$15,000 upon the earlier of March 31, 2011 or within seven days of the Company completing a going public transaction.
- b) 500,000 shares on the first anniversary of the agreement.
- c) 500,000 shares on the second anniversary.
- d) 500,000 shares on the third anniversary.

The Company shall drill a minimum of 1,000 meters within 18 months 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%.

As of January 31, 2011, 500,000 common shares have been issued and the Company has recorded \$25,000 pursuant to the Uranium 22B15 Claims, all of which were classified as property acquisition costs.

On March 31, 2011 the Company terminated the Uranium 22B15 agreement and forfeited its option to acquire the mining claims. As a result the Company recorded an impairment charge of \$25,000 for the period ended April 30, 2011. The Company received an additional 36 mining claims from the vendor for consideration of \$1.00.

The investment in the Uranium 22B15 claims is summarized as follows:

	<b>Opening Balance February 1, 2011</b>	<b>Impairment</b>	<b>Closing Balance April 30, 2011</b>
Acquisition costs	\$ <u>25,000</u>	\$ <u>(25,000)</u>	\$ <u>-</u>

The Company's total investment in mining claims is summarized as follows:

	<b>Opening Balance February 1, 2011</b>	<b>Addition</b>	<b>Impairment</b>	<b>Closing Balance April 30, 2011</b>
Claims:				
Dufay	\$ 140,770	\$ 85,017	\$ -	\$ 225,787
Disson	27,500	22,002	-	49,502
Launay	22,500	17,002	-	39,502
Quevillon	7,500	5,000	-	12,500
Kipawa	2,500	-	-	2,500
21M16	25,000	-	-	25,000
Uranium 22B15	25,000	-	(25,000)	-
	<u>\$ 250,770</u>	<u>\$ 129,021</u>	<u>\$ (25,000)</u>	<u>\$ 354,791</u>

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**4. Commitments and Contingencies**

Under the terms of the various agreements for management and consulting services the Company is committed to payments as follows (Note 9):

<u>Years</u>	<u>Amounts</u>
2012	\$187,000
2013	<u>\$ 21,000</u>
<b>Total</b>	<b>\$208,000</b>

In addition, the Company has various obligations to satisfy option agreements (Note 3).

**5. Share Capital**

Capital stock is comprised of the following:

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>April 30, 2011</b>		<b>January 31, 2011</b>	
	<u># of shares</u>	<u>\$</u>	<u># of shares</u>	<u>\$</u>
Beginning of period	10,005,100	\$ 588,601	100	\$ 1
Issued	<u>4,050,000</u>	<u>405,000</u>	<u>10,005,000</u>	<u>588,600</u>
End of period	14,055,100	\$ 993,601	10,005,100	\$ 588,601
Less:				
Share issuance costs		(30,156)		(6,155)
Warrants		(152,885)		(62,029)
Tax effect of renunciation of eligible exploration expenses		(51,500)		(51,500)
		<u>\$ 759,060</u>		<u>\$ 468,917</u>

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**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. 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 (note 3) 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.

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 a period that is the earlier of (a) 60 months from December 29, 2010, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

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 that is the earlier of (a) 60 months from December 29, 2010, and (b) 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 that is the earlier of (a) 60 months from April 4, 2011, and (b) 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 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 that is the earlier of (a) 60 months from April 4, 2011, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

**6. Contributed Surplus and Stock Option Plan**

The Company awards stock options to directors, management and advisors of the Company. Options are granted at the fair market value of the shares on the day granted. The compensation expense is recognized when options are issued 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.



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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 of the Company and Cavalry Corporate Solutions Ltd. (note 9).

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 employee 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.

Stock option activity is summarized as follows:

	Number of options	Weighted average life remaining (years)	Weighted average exercise price	Expiry Date
<b>January 31, 2011</b>	1,400,000	5.0	\$ 0.20	December 16, 2015
<b>Granted</b>	700,000	5.0	0.20	February 3, 2016 March 23, 2016
<b>April 30, 2011</b>	2,100,000	5.0	\$ 0.20	December 16, 2015- March 23, 2016

The estimated fair value \$30,561 of stock compensation expense was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.36%
Expected life of warrants	5 years
Expected volatility	125%
Expected dividend yield	0

As of April 30, 2011, \$113,259 has been expensed with a corresponding credit to contributed surplus.

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.

## 7. Warrants

Warrant activity is summarized as follows:

	Number of shares	Weighted average life remaining (years)	Weighted average exercise price
<b>January 31, 2011 (a)</b>	1,382,500	2.4	0.20

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<b>Issued</b> <sup>(b)</sup>	2,025,000	2.4	0.20
<b>April 30, 2011</b>	<u>3,407,500</u>	<u>2.4</u>	<u>\$ 0.20</u>

(a) The expiry date is the earlier of December 29, 2015 or 24 months from the date of completion of a going public transaction.

(b) The expiry date is the earlier of April 4, 2016 or 24 months from the date of completion of a going public transaction.

The estimated fair value of \$90,856 of warrants was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.76%
Expected life of warrants	2.4 years
Expected volatility	139%
Expected dividend yield	0

This amount has been recorded as a reduction of capital stock with a corresponding amount recorded as warrants within shareholders' equity.

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.

**8. Financial Instruments**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of the Company's cash and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these instruments.

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

**A) Credit Risk**

The Company is not exposed to credit risk attributable to customers. Additionally, the Company's cash are held with a high rated Canadian financial institution in Canada. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

**B) Market Risk**

Interest Rate Risk

There is no debt, interest bearing or otherwise currently outstanding. The Company may invest cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it

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keeps its Canadian bank accounts.

Foreign Currency Risk

As the Company's exploration and evaluation activities are denominated in Canadian dollars and the Company's funds are kept in Canadian dollars with a major Canadian financial Institution, the Company has no current foreign exchange risk.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At April 30, 2011, the Company had current assets of \$492,759 and current liabilities of \$145,664. All of the Company's financial liabilities and assets have contractual maturities of less than 90 days and are subject to normal trade terms.

Commodity Risk

The price of the common shares, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Sensitivity analysis

The Company has, for accounting purposes, designated its cash as held-for-trading, which is measured at fair value. Amounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which approximates fair market value.

As of April 30, 2011, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent because of the limited term of these instruments.

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) Cash and cash equivalents are subject to floating interest rates. The Company has no debt and receives little or no interest rates on its cash balances. As such the Company does not have significant interest rate risk; and
- (ii) The Company generally does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

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**9. Related Party Transactions**

The Company and Foundation Opportunities Inc. ("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 each of Yannis Banks, Adam Szweras, 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. In addition, the Company agreed to pay a success fee of \$75,000 upon the successful completion of a going public transaction. For the three months ended April 30, 2011 the Company paid FOI \$21,000 (2010 - \$nil) for financial advisory and consulting services rendered. In addition, Foundation Markets Inc. ("FMI") a subsidiary of FFHC received a commission payment of \$3,000 for the placement of the Company's common shares during the April 4, 2011 private placement.

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 October 31, 2011. For the three months ended April 30, 2011 the Company recorded \$15,000 (2010 - \$ nil) for management services provided by Cavalry.

During the three months ended April 30, 2011, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras an officer of the Company is also a partner, provided \$16,634 of legal services. 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 Grassland, FOI and FFHC with respect to the previous agreement between Grasslands and FOI. The Company settled amounts due to Fogler and has accrued \$71,200 in relation to these past costs. At April 30, 2011, accounts payable and accrued liabilities include \$87,854 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. CCIC was engaged to provide a NI 43-101 report and field work on the Dufay mineral property. CCIC provided \$88,978 of consulting services during the period which was capitalized in investments in exploration properties. At April 30, 2011, accounts payable and accrued liabilities include \$11,225 due to CCIC.

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 period ended April 30, 2011. At April 30, 2011, accounts payable and accrued liabilities include \$29,380 due to MinePros. Subsequent to the period ended April 30, 2011, MinePros converted \$13,000 into 130,000 common shares of the Company at an ascribed price of \$0.10 per common share.

These transactions are in the normal course of business and are measured at the exchange amounts.

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**10. Capital Management**

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities and related administrative functions necessary to support organizational functioning. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company, subject to approval of the Board of Directors, may attempt to issue new shares, issue debt or acquire or dispose of assets. The Company manages its capital structure in a manner that provides sufficient funding for operational activities and ensures the company will be able to continue as a going concern. Funds are primarily secured through equity capital raised by way of private placements. There is no assurance that the Company will be able to continue raising equity capital in this manner.

The Company defines capital as the aggregate of its shareholders' equity which is comprised of capital stock, contributed surplus, warrants and deficit. The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, all held with a major Canadian financial institution.

**11. Segmented Information**

The Company operates in only one business segment, namely the exploration of mining properties in Quebec. All of the Company's assets are located in Canada.

**12. Subsequent Events**

Pursuant to a management services agreement (note 9), Cavalry provides various services to Lakeside. On June 13, 2011, Mr. Gary Hokkanen tendered his resignation as CFO to the Company and Mr. Christopher Hazelton was appointed.

On June 22, 2011 Mr. Banks tendered his resignation as President and was appointed to the position of Chairman of the Board and Mr. Justino was appointed as President and CEO.

On May 31, 2011, the Company and Grasslands amended and restated an agreement pursuant to which Grasslands will acquire all of the issued and outstanding securities of the Company.

Subsequent to April 30, 2011, Lakeside completed an interim financing of \$350,650 (the "Interim Financing"), 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 ending on the earlier of (i) 60 months from the closing date and (ii) 24 months from the date upon which the company completes a going public transaction, subject to acceleration in certain circumstances.

Subsequent to April 30, 2011, Lakeside issued 200,000 stock options to an officer of the Company exercisable at a price of \$0.40 per share over a period of five years.

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**SCHEDULE "I"**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF LAKESIDE MINERALS CORP.**



**LAKESIDE MINERALS CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FISCAL 2011 ENDED JANUARY 31, 2011 and 2010**

**April 25, 2011**

Management's discussion and analysis (MD&A) is current to April 25, 2011 and is management's assessment of the operations and the financial results together with future prospects of Lakeside Minerals Corp. ("Lakeside", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited consolidated financial statements and related notes for the year ended January 31, 2011, prepared in accordance with Canadian generally accepted accounting principles. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Lakeside's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A.

**General Overview**

Lakeside Minerals Corp. was originally incorporated as Alpaca Holdings Inc. under the *Business Corporations Act* (Ontario) on August 21, 2007. The Company did not carry out any commercial activity until the fiscal year ended January 31, 2011. On November 15, 2010, Alpaca Holdings Inc. changed its name to Lakeside Minerals Corp. The Company is engaged in the acquisition, exploration and development of mineral resource properties in Canada. 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.

To date the Company has not earned revenue from its optioned mineral properties and is considered to be in the development stage.

At April 25, 2011, the members of Company's Board of Directors consisted of:

Yannis Banks



Andres Tinajero  
Scott Jobin-Bevan  
Richard Cleath  
Jean-Francois Pelland  
Jean-Pierre Chauvin  
Jeremy Goldman

## **Recent Developments**

### **Grasslands Entertainment Inc. Letter Agreement:**

On January 20, 2011, the Company and Grasslands Entertainment Inc. (“Grasslands”), a company listed on the TSX Venture Exchange entered into an arm’s length binding letter agreement pursuant to which Grasslands agreed to acquire all of the issued outstanding securities of the Company. The transaction will constitute a reverse take-over (“RTO”) of the Company under the policies of the TSX Venture Exchange.

### **Investments in Mineral Exploration Properties:**

The Company a strategic relationship with Mr. Jerry McCullough of St. Catharines, Ontario who controls Mundiregina Resources Inc. and Mr. Jean Robert, of Val-D’Or, Quebec who controls Les Exploration Carat Inc., to develop certain mining claims in the province of Quebec. Mr. McCullough and Mr. Robert are arm’s length parties with substantial extractive industries experience and are extremely knowledgeable of mining development in the regions the Company has contracted to explore.

During the period October 19, 2010 to December 7, 2010, the Company entered into a series of options agreements to acquire various mining claims.

Such claims have been grouped into subcategories as follows:

1. Dufay Claims
2. Disson Claims
3. Launay Claims
4. Quevillon Claims
5. Kipawa Claims
6. Rare Earth 21M16 Claims
7. Uranium 22B15 Claims.

The Company is currently focused on the exploration of gold in the Dufay, Disson and Launay regions which are all gold properties and the Company intends to develop the other claims in the future.

### **Dufay Claims**

The Dufay mining claims consist of 49 mining claims located in the province of Quebec. Pursuant to the terms of the Dufay agreement, the Company issued 1,000,000 shares of

its common stock and paid \$25,000 to the vendors immediately upon signing the agreement. The Company also became obligated 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.
- 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 is required to spend at least \$500,000 in exploration on the mineral claims within the first 18 months after the execution of the agreement and an additional \$500,000 in exploration on the mineral claims within the second 18 month period.

Upon successful completion of 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.

### **Disson Claims**

The Disson mining claims consist of 36 mining claims. Under the terms of the Disson agreement, the Company has issued 250,000 shares of its common stock and paid \$15,000 to the vendors immediately. The Company is also obligated 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.
- b) \$35,000 and 250,000 shares on the first anniversary of the agreement.
- 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 is required to expend \$300,000 in exploration on the mineral claims over a period of three years from the date of the agreement.

Upon completion of these obligations the Company will obtain title to the claims, subject to a NSR of 1%, of which a 0.5% NSR may be acquired upon payment of \$1,000,000.

Under a separate agreement a total of 32 of the Disson mining claims are subject to a 1% Gross Metal Royalty with a third party.

### **Launay Claims**

The Launay mining claims consist of 28 mining claims for which the Company issued 250,000 shares of its common stock and paid \$10,000 to the vendors upon signing the Launay agreement. The Company is obligated to issue an additional 750,000 common shares and pay \$90,000 as follows:

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

The Company's exploration commitments total \$250,000 over a period of three years.

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.

### **Quevillon Claims**

The claims known as the Quevillon mining claims consist of 46 mining claims located in the province of Quebec. The Company issued 50,000 shares of its common stock and paid \$5,000 to the vendors immediately upon signing the Quevillon agreement. The Company is also committed to issue an additional 200,000 common shares and pay \$45,000 as follows:

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

In order to maintain good standing on these claims the Company shall perform \$50,000 in exploration 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.

### **Kipawa Claims**

The Kipawa mining claims consist of 45 mining claims for which the Company has issued 50,000 shares of its common stock to the vendors. The Company is obligated to pay \$4,500 within seven days of the Company closing a going public transaction. Upon payment of \$4,500 the Company shall obtain title to the Quevillon claims.

### **Rare Earth 21M16 Claims**

The Company entered into an agreement to acquire an option to acquire a 100% interest in Rare Earth 21M16 mining claims consisting of 56 mining claims located in the province of Quebec. Pursuant to the terms of the agreement, the Company is obligated to issue 400,000 shares of its common stock and pay \$10,000 to the vendors, of which

400,000 shares and \$5,000 were issued. The residual \$5,000 will be paid six months after the signing 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%.

### **Uranium 22B15 Claims**

The Uranium 22B15 mining claims consist of 293 mining claims. The Company as of the date of this report has issued 500,000 shares of its common stock to the vendors. In order to maintain the option in good standing the Company is obligated to issue an additional 1,500,000 common shares and pay \$15,000 as follows:

- a) \$15,000 upon the earlier of March 31, 2011 or within seven days of the Company completing a going public transaction.
- b) 500,000 shares on the first anniversary of the agreement.
- c) 500,000 shares on the second anniversary.
- d) 500,000 shares on the third anniversary.

The Company is required to drill a minimum of 1,000 meters within 18 months 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%.

On March 10, 2011, the Company made a decision to not pursue the Uranium 22B15 mining claims. On March 31, 2011, the Company entered into an agreement to terminate the previous Uranium 22B15 agreement pursuant to which the Company obtained other claims for \$1. Management is currently in the process of determining the Company's interest in exploring the new claims.

### **Financing Activities:**

All of the Company's efforts to fund the development of its claims have been by way of equity private placements.

On April 5, 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 that is the earlier of; (a) 60 months from April 5, 2011, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

On April 5, 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 that is the earlier of; (a) 60 months from April 5, 2011, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

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 a period that is the earlier of; (a) 60 months from December 29, 2010, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

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 that is the earlier of; (a) 60 months from December 29, 2010, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

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.

#### **Management of the Company:**

Mr. Yannis Banks and Mr. Gary Hokkanen have been appointed Chief Executive Officer and Chief Financial Officer of the Company, respectively. On March 23, 2011, Mr. Mario Justino joined the Company as Vice President, Exploration.

Mr. Banks is managing director of Foundation Markets Inc., a Toronto-based merchant bank. Mr. Banks has been with Foundation Markets Inc. since 2007 and is one of the founders of Lakeside. Mr. Banks has been involved in financing and providing strategic advisory services to a number of early stage natural resource companies and evaluating and acquiring mineral projects in North and South America and Asia. Mr. Banks also serves as the CEO of Quia Resources (TSX-V QIA), a Colombian gold exploration company and Alpaca Resources Inc., an Arizona based copper exploration company which is in the process of completing a going public transaction. Mr. Banks also serves on the board of directors of Caldera Geothermal Inc. (which is also in the process of closing a going public transaction) and Arkose Energy Inc., which at the present time is a private company.

Mr. Hokkanen is President and a shareholder of Cavalry Corporate Solutions Ltd. ("Cavalry") which provides comprehensive financial and corporate secretarial consulting services to development stage entities. Mr. Hokkanen is a professional executive level accountant with over fifteen years experience in senior level financial management within various industries. Mr. Hokkanen holds a Bachelor of Arts degree from the University of Toronto and is a Certified Management Accountant ("CMA") and a member of the Society of Management Accountants of Ontario.

Mr. Justino has worked as a mineral exploration geologist across Canada and internationally for several mineral exploration companies. In Canada, he has worked in Quebec, Ontario, Nunavut, Nova Scotia, Manitoba, and Labrador. His international exploration experience includes working in Finland, Sweden, French Guiana, and in Portugal. Mr. Justino is a member of l'Ordre des géologues du Québec, the Society of Exploration Geologists and the PDAC. He holds a Bachelor of Science (B.Sc. Hons.) degree in Geology from McGill University and a Master of Science (M.Sc.) degree in Geology from Acadia University.

### **Overall Performance**

While general economic conditions continue to improve and stability appears to be returning to financial and commodity markets, significant uncertainty concerning the short and medium term global economic outlook persists. Management, in conjunction with the Board of Directors, will continue to monitor these developments and their effect on Lakeside's business.

As at January 31, 2011, the Company had assets of \$561,852 and a net equity position of \$480,441. The Company has \$81,411 of liabilities. During the twelve-month period ended January 31, 2011, the Company incurred a loss of \$133,203 and spent \$250,770 on its optioned mining properties.

At January 31, 2011, the Company had working capital of \$264,373. The Company had cash and cash equivalents of \$295,645 at January 31, 2011. Subsequent to year end the Company completed a flow-through and non-flow-through private placement financing for gross proceeds of \$405,000. The Company believes it has sufficient working capital to operate in the current form for the twelve month period ended January 31, 2012.

### **Trends**

The Company is a junior mineral exploration company that has begun to assemble an experienced management team to engage in the acquisition, exploration and development of properties prospective for economic deposits. The Company's financial success will be dependent upon the extent to which it can make discoveries of minerals at its optioned properties and on the economic viability of any such discovery. The development of such properties may take years to complete and the resulting income, if any, is difficult to determine with any certainty. The Company lacks mineral resources and mineral reserves and to date has not produced any revenues. The economic viability of any mineral discovery by the Company will be largely dependent upon factors beyond its control, such as the market value of the commodities produced. Although economic conditions in Canada have improved since the beginning of 2009, the Company remains cautious in case the economic factors that impact the mining industry deteriorate. These factors include uncertainty regarding the prices of commodities, and the availability of equity financing for the purposes of mineral exploration and development. The prices of commodities have been volatile in recent periods and financial markets have deteriorated

to the point where it has become extremely difficult for companies, particularly junior exploration companies, to raise new capital, even though there are signs the situation may be improving. The Company's future performance is largely tied to the development of its mining claims properties and the overall financial markets. Financial markets are likely to continue to be volatile over the balance of calendar 2011, reflecting ongoing concerns about the global economy. Companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders. With continued market volatility expected, the Company's current strategy is to continue its exploration program on the mining claims and to seek out other prospective business opportunities. The Company believes that this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining momentum on key initiatives. These trends may limit the Company's ability to develop and/or further explore its mineral property interests and/or other property interests that it may acquire. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates into both short-term operating and longer-term strategic decisions.

### **Selected Interim Information**

Summarized selected financial information with respect to Lakeside for the twelve-month periods ended January 31, 2011 and 2010 is as follows:

	January 31, 2011	January 31, 2010
Total expenses	\$ 150,001	\$ -
Net (Loss)	(133,203)	-
(Loss) per share	(0.075)	-
Total assets	561,852	-
Total liabilities	81,411	-
Shareholders' equity	480,441	-
Cash dividends declared	-	-

### **Results of Operations**

The Company did not carry on commercial activities prior to October 2010 and therefore this MD&A will provide commentary on the results of operations during the twelve month period ended January 31, 2011 only.

Lakeside recorded a net loss of \$133,203 during the twelve-month period ended January 31, 2011. Total expenses were \$150,001 and the Company recorded an income tax recovery of \$16,798.

Consulting expenses totaled \$44,000 during the twelve-month period ended January 31, 2011 and consisted of \$28,000 paid to Foundation Opportunities Inc. ("FOI") for general management services including but not limited to the services of Mr. Banks, \$12,000 paid to Cavalry for accounting, controllership, and corporate secretarial services including but not limited to the services of Mr. Hokkanen and \$4,000 in miscellaneous consulting services to a third party.

Professional fees, consisting of legal and audit and accounting fees, totaled \$20,269 during the twelve-month period ended January 31, 2011. The Company incurred \$5,269 in legal fees associated with its operations and \$15,000 in accrued audit fees for the year end audit.

The Company also incurred \$3,034 in office and general expenses during fiscal 2011 which consisted of travel, entertainment and other miscellaneous costs.

The Company charged \$82,698 to the statement of operations as stock based compensation expense consisting of the fair value of options to purchase up to 1,400,000 shares of the Company's common stock granted to directors of the Company. The options are immediately exercisable at \$0.20 per share and expire on December 16, 2015. The Company utilized the Black-Sholes options pricing model to value the options using a risk free interest rate of 2.36% and expected volatility of 125%.

As a result of non-capital loss carry forwards established by the operating loss during the twelve-month period ended January 31, 2011 and the establishment of a future tax liability associated with a flow-through share financing, the Company recorded \$16,798 as an income tax recovery.

Loss per share during fiscal 2011 was \$0.075.

Management expects the level of losses to increase in future periods as development and exploration activities ramps up on the claims for which the Company has contracted to explore.



## **Summary of Quarterly Results**

The Company did not carry out any commercial activity and was dormant for the year ended January 31, 2009. The 3 months ended January 31, 2011 represent the first period of activity for the Company.

(except LPS)								
Quarter Fiscal Yr.	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net (loss)	(133,203)	-	-	-	-	-	-	-
(Loss) per share	(0.075)	-	-	-	-	-	-	-

## **Liquidity and Financial Position**

As a junior resource company, the Company has no regular cash flow from operations, and the level of operations is principally a function of availability of capital resources. To January 31, 2011, the principal source of funding has been through the completion of private placements for gross proceeds of \$588,601. Going forward, the Company will have to continue to rely on equity or debt financings for its working capital. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest.

At January 31, 2011, the Company had total assets of \$561,852 consisting of \$295,645 of cash, \$15,437 of an HST receivable and \$250,770 invested in exploration properties.

The cash balance represents the residual amount from the financing efforts of the Company prior to January 31, 2011. The Company has been successful in raising net proceeds of \$463,601 through seed financing followed by a round of flow-through and non-flow-through share financing.

## **Exploration Development**

The most important asset of the Company consists of its investment in Quebec exploration properties. As of January 31, 2011, the carrying value of the exploration properties total \$250,770. The carrying value of the claims can be summarized as follows:

Dufay	\$140,770
Disson	27,500
Launay	22,500
Quevillon	7,500
Kipawa	2,500

Rare Earth 21M16	25,000
Uranium 22B15	<u>25,000</u>
Total	\$250,770

The net book value of the exploration properties consist of charges for payments made to the vendors in cash or shares of the Company's common stock and amounts expended for IP surveys, geologist and technician services, reports, maps and other similar miscellaneous costs. The only property that the Company had begun to expend amounts to explore over and above the costs of acquisition pursuant to the option agreement prior to January 31, 2011, was the Dufay property.

The activity in each claim is summarized as follows:

**Dufay Claims:**

Pursuant to the Dufay option agreement the Company issued 1,000,000 shares of its common stock, valued at \$50,000, and paid \$25,000 in cash to the vendors. In addition the Company expended \$20,000 in IP surveys, \$29,200 in geologist and technician services and \$16,570 in maps, reports and other miscellaneous costs, to explore the property. The Company has engaged Caracle Creek International Consulting Inc. ("CCIC") to provide a NI43-101 report on the Dufay property. The sum of all expenditures on the Dufay property, including acquisition costs whether paid in common stock or cash totaled \$140,770 at January 31, 2011.

**Disson Claims:**

Prior to January 31, 2011, the Company had issued 250,000 shares of its common stock, valued at \$12,500 and paid \$15,000 in cash as acquisition costs to the vendors of the Disson claims. The Company has incurred \$nil in exploration costs to develop the Disson properties. The carrying value of the Disson claims at January 31, 2011 was \$27,500.

**Launay Claims:**

As of January 31, 2011, the Company has issued 250,000 shares of its common stock, valued at \$12,500 and paid \$10,000 in cash as acquisition costs to the vendors of the Launay claims. The Company has incurred \$nil in exploration costs to develop the Launay properties. The carrying value of the Launay claims at January 31, 2011 was \$22,500.

**Quevillon Claims:**

The Company has expended \$nil to further explore the Quevillon properties but as of January 31, 2011 has issued 50,000 shares of its common stock, valued at \$2,500 and paid \$5,000 to the vendors of the Quevillon properties. As of January 31, 2011, the carrying value of the Quevillon claims was \$7,500.

**Kipawa Claims:**

The Company has issued 50,000 shares of its common stock, valued at \$2,500 as acquisition costs for the Kipawa properties. As of January 31, 2011, the net book value of the Kipawa claims was \$2,500.

**Rare Earth 21M16 Claims:**

As of January 31, 2011, the Company has issued 400,000 shares of its common stock, valued at \$20,000 and has paid \$5,000 in cash as acquisition costs of the Rare Earth 21M16 properties. The Company has expended \$nil to further explore these claims. At fiscal year end 2011 the net book value of the Rare Earth 21M16 claims was \$25,000.

**Uranium 22B15 Claims:**

Pursuant to the Uranium 22B15 option agreement the Company issued 500,000 shares of its common stock, valued at \$25,000 as acquisition costs for the Uranium 22B15 claims. Subsequent to year end on March 10, 2011, the Company decided to abandon the Uranium 22B15 claims. On March 31, 2011, the Company entered into a termination agreement to terminate the Uranium 22B15 agreement. Pursuant to the termination agreement the Company obtained certain other claims for \$1. Management is currently investigating the new claims to decide whether or not to pursue exploration.

Management expects to incur substantial amounts on exploration costs over fiscal 2012 - 2014 on its mining claims. The Company is also obligated to issue an additional 3,700,000 shares of its common stock and pay \$614,500 in cash to the vendors. In addition, in order to keep the claims in good standing the Company is required to expend over \$1,600,000 on drilling programs.

Accounts payable and accrued liabilities totaled \$46,709 at January 31, 2011 and represented amounts due to consultants, contractors and professional advisors of the Company under usual credit terms.

At January 31, 2011, the Company has recorded a net future tax liability of \$34,702 representing a future tax liability of \$51,500 associated with amounts renounced under a flow-through share financing offset by \$16,798 of future tax assets associated with the non-capital loss carryforwards of the Company.

Total shareholders' equity at January 31, 2011 was \$480,441 and consisted of \$468,917 of share capital, \$62,029 attributed to outstanding warrants, \$82,698 in contributed surplus all offset by a deficit of \$133,203 representing the net loss incurred during the twelve-month period ended January 31, 2011.

Share capital consists of the 10,005,100 shares of the Company's common stock issued for gross proceeds of \$588,601, reduced by; a) \$6,155 in share issue costs, b) warrants

bifurcated from units issued by the Company valued at \$62,029, and c) \$51,500 representing the charge of a tax effect upon renunciation of eligible exploration costs.

Through a series of equity private placements completed by the Company prior to year end the Company has issued warrants to acquire up to 1,382,500 shares of the Company's common stock. Management has determined that the fair value of these warrants utilizing the Black-Scholes option pricing model was \$62,029. The warrants are immediately exercisable and expire on the earlier of December 15, 2015 or 24 months from the date of completion of a going public transaction. The Company used the following assumptions in the Black-Scholes option pricing model:

Risk-free interest rate	1.76%
Expected life	2.4 years
Expected volatility	139%
Expected dividend yield	0

Contributed surplus of \$82,698 consists of the fair value of options to purchase 1,400,000 shares of the Company's common stock granted to directors of the Company. The options are immediately exercisable at \$0.20 per share and expire on December 16, 2015. The Company utilized the Black-Scholes options pricing model to value the options using a risk free interest rate of 2.36% and expected volatility of 125%.

#### **Fourth Quarter**

Substantially all of the Company's operating activities occurred during the three-month period ended January 31, 2011 and as such the results of operations section of this MD&A also represents the operating results for the fourth quarter.

#### **Capital Resources**

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.

The investment in and anticipated exploration expenditures on the exploration properties will comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon obtaining the necessary financing to continue exploration and development of the properties, the attainment of successful production from the properties or from the proceeds of their disposal. The continuing operations of the Company are dependent upon its ability to continue to raise capital to fund its exploration and development programs. While the Company has been successful in securing financing in the year, there can be no assurance that it will be able to do so in the future.

Management believes that a future source for partial funding of the development of its exploration properties may be funded from issued and outstanding options and warrants. As at January 31, 2011, the Company has warrants to acquire up to 1,382,500 shares of the Company's common stock and options to acquire up to 1,400,000 shares of the Company's common stock outstanding. If all warrants and options were exercised the gross proceeds received would be \$556,500. In addition if incremental warrants issued subsequent to year end were exercised a further \$405,000 would be available for the Company to utilize to develop its properties.

Management also believes that the proposed RTO transaction with Grassland Entertainment Inc. will provide the Company with the opportunity to access the public markets for equity or debt financings. The Company has also been assembling a strong complement of directors to assist the Company in its future developments. Current members of the board represent an extremely favourable cross section of industry participants who can bring advantageous business relationships to the Company.

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

As of January 31, 2011, the Company has no off balance sheet arrangements.

#### **Related-Party Transactions**

On October 1, 2010, the Company issued 1,000,000 common shares to FOI, for total consideration of \$100. FOI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Mr. Banks is an officer, director and shareholder.

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.

The Company and FOI entered into a financial advisory and consulting agreement on October 15, 2010. In consideration for services the Company agreed to pay a fee of \$7,000 per month for a period of eighteen months. 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, 2010 the Company paid FOI \$28,000 for financial advisory and consulting services rendered.

The Company and Cavalry entered into a management services agreement on November 1, 2010. Cavalry is an entity in which FFHC and Mr. Hokkanen are shareholders. In consideration for services the Company agreed to pay \$4,000 for the first three month period and \$5,000 per month until October 31, 2011. For the year ended January 31, 2010 the Company recorded \$12,000 for management services provided by Cavalry. At January 31, 2010, accounts payable and accrued liabilities included \$4,520 due to Cavalry.

During the year ended January 31, 2011, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras a director of the Company is also a partner, provided \$10,705 of legal services. At January 31, 2010 accounts payable and accrued liabilities include \$12,096 due to Fogler.

The Company entered into a general consultancy agreement with CCIC in which Scott Jobin-Bevans a director of the Company is a significant shareholder. CCIC was engaged to provide a NI 43-101 report and field work on the Dufay mineral property. CCIC provided \$65,770 of consulting services during the period. At January 31, 2011 accounts payable and accrued liabilities include \$9,320 due to CCIC.

### **Share Capital**

As at January 31, 2011, Lakeside had authorized unlimited common shares without par value and had issued 10,005,100 common shares. If all issued and options and warrants were exercised the number of common shares outstanding would be 12,787,600.

### **Financial Instruments and Other Instruments**

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

#### (a) Property risk

The Company has an interest in various Quebec properties. Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon the Quebec properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's Quebec properties would have a material adverse effect on the Company's financial condition and results of operations.

#### (b) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### *Credit risk*

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash and cash equivalents consists of cash on hand with a reputable financial institution. Financial instruments included in amounts receivable consist of sales tax receivables from government authorities in Canada. The amounts receivable are in good standing as of January 31, 2011. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and amounts receivable 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 January 31, 2011, the Company had a cash of \$295,645 to settle current liabilities of \$46,709. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Market risk**

#### *Interest rate risk*

The Company has significant cash balances and no interest-bearing debt. The Company regularly monitors its cash management policy.

#### *Foreign currency risk*

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

### **Sensitivity analysis**

The Company has, for accounting purposes, designated its cash as held-for-trading, which is measured at fair value. Amounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which approximates fair market value.

As of January 31, 2011, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent because of the limited term of these instruments.

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) The Company has no debt and receives little or no interest rates on its cash balances. As such the Company does not have significant interest rate risk; and
- (ii) The Company generally does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

### **Fair value hierarchy**

Cash and cash equivalents are classified as Level 1 within the fair value hierarchy under Section 3862 of the CICA Handbook.

### **Capital Management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, warrants, contributed surplus and deficit which at January 31, 2011 totaled \$480,441.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral claims properties. Selected information is provided to the Board of Directors of the Company.

### **Critical Accounting Estimates**

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The critical accounting policies followed by the Company are as follows:

#### *Investments in Exploration Properties*

The Company capitalizes property acquisition costs and related exploration expenditures until such time as the mineral properties are brought into production, are sold or are abandoned. These costs will be amortized over the estimated useful lives of the mineral properties following the commencement of production or written off if the mineral properties are sold, are abandoned or are determined by management to be impaired. The recorded costs of mineral properties, including exploration expenditures, representing costs incurred to date do not reflect present or future values.

#### *Title to Mineral Property Interests*

Although the Company has taken steps to verify the title to mineral properties 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 or transfers and title may be affected by undetected defects.



### *Use of Estimates*

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant areas requiring the use of management estimates relate to the determination of impairment of investments in exploration properties, stock based compensation, warrants and options valuation and future tax assets and liabilities. Actual results could differ from those estimates.

### *Flow-Through Financing*

The Company has issued securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the expenditure of proceeds. When the tax authorities are informed that the resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate) and share capital is reduced.

### *Stock-Based Compensation*

The Company uses the fair value method of accounting to recognize compensation costs for the granting of all stock options and warrants using the Black-Scholes option pricing model. At exercise, the consideration paid by the warrant or option holders to purchase shares is credited to capital stock and the initial contributed surplus or warrants would be reversed.

### *Impairment of Long-Lived Assets*

Whenever events or circumstances indicated that an asset’s fair value may not be at least equal to its carrying value, management of the Company reviews the net carrying value. This review involves consideration of the fair value of each property to determine whether a permanent impairment in value has occurred and whether any asset write down is necessary. The Company considers metal prices, cost of production, proven and probable reserves and salvage value of the mineral property.

Management’s estimates are subject to risks and uncertainties of changes affecting the recoverability of the Company’s investment in mineral properties. Management’s estimates of these factors are based on current conditions. Nonetheless, it is reasonably possible that in the near term, changes that could adversely affect managements estimate of net cash flows expected to be generated from its properties could occur. This would necessitate a write down for asset impairment.

The Company also follows the guidance of EIC-174 “Impairment Testing of Mineral Exploration Properties” which states that a mining enterprise in the development stage,

which has initially capitalized exploration costs but has not established mineral reserves objectively, is not obligated to conclude that the capitalized costs have been impaired.

### **Changes in Accounting Policies**

#### **International Financial Reporting Standards (“IFRS”)**

The Canadian Accounting Standards Board (“CASB”) has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, Lakeside will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the three month period ended April 30, 2011. Lakeside’ 2011 interim and annual financial statements will include comparative 2010 financial statements, adjusted to comply with IFRS.

#### ***IFRS Transition Plan***

Lakeside has established an IFRS transition plan to implement IFRS. The following summarizes Lakeside’s progress and expectations with respect to its IFRS transition plan:

1.	Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS	Completed
2.	Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 - First-time Adoption of International Financial Reporting Standards.	Completed
3.	Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	In progress
4.	Resolution of the accounting policy change implications on information technology, business process and contractual arrangements.	In progress
5.	Quantification of the financial statement impact of changes in accounting policies.	On going through 2011
6.	Management and employee education and training.	On going

### ***First-time Adoption of IFRS***

The adoption of IFRS requires the application of IFRS1 – First-time Adoption of International Financial Reporting Standards (“**IFRS 1**”), which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to the retrospective treatment.

The following is provided in connection with Lakeside’ expected adoption of IFRS and preparation of an opening IFRS statement of financial position as at February 1, 2010 (the “**Transition Date**”).

### ***Initial Elections Upon Adoption.***

Set forth below are the IFRS 1 elections that Lakeside expects to make at adoption to IFRS.

#### ***IFRS Exemption Options:***

- To apply IFRS 2 *Share-based Payments* only to equity instruments issued after November 7, 2002, and that had not vested by transition date.

#### ***IFRS Mandatory Exceptions***

- Estimates – Hindsight is not used to create or revise estimates. The estimates Lakeside previously made under Canadian GAAP cannot be revised for application of IFRS except where necessary to reflect any difference in accounting policies.

The above optional exemptions and mandatory exceptions are to be adopted in Lakeside’ first interim financial statements reporting in accordance with IFRS for the quarter ending April 30, 2011.

### ***Impact of Adopting IFRS on Lakeside’ Business***

Lakeside is in the process of developing its internal control and financial information gathering systems to satisfy the requirements on internal control and financial information collection for financial reporting under IFRS. As part of its analysis of potential changes to significant accounting policies, Lakeside has assessed what changes may be required to its accounting systems and business processes. Saggiarius believes that the changes identified to date are not material and its systems and processes can generally accommodate the necessary changes.

To date, Lakeside has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

Lakeside' management involved in the preparation of the financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

The Board of Directors have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting Lakeside.

***Impact of Adopting IFRS on the Company's Financial Statements:***

The adoption of IFRS will result in some changes to Lakeside's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of Lakeside's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas Lakeside has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to Lakeside' accounting policies on adoption of IFRS.

**1) Exploration and Evaluation Expenditures**

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties. The Company expects to establish an accounting policy to expense, as incurred, all costs relating to exploration and evaluation until such time as it has been determined that a property has economically recoverable reserves.

The application of this policy on the adoption of IFRS will have a significant impact on the Company's financial statements. On adoption of IFRS, the carrying value of the mineral resource properties will be reduced to zero (as at the transition date), with a corresponding adjustment to accumulated deficit. All subsequent exploration and evaluation costs will be expensed as incurred until such time as it has been determined that a property has economically recoverable reserves.

**2) Impairment of (Non-financial) Assets**

IFRS requires a write-down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires 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 will be changed to reflect these differences. However, the Company does not expect that this change will have an immediate impact on the carrying value of its assets. The Company will perform impairment assessments in accordance with IFRS at the transition date.

### 3) Share-based Payments

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

### 4) Asset Retirement Obligations(Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences. However, the Company does not expect this change will have an immediate impact on the carrying value of its assets.

### 5) Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

### ***Subsequent Disclosure***

- Lakeside completed its IFRS transition plan in 2010 and 2011 and will compose its IFRS opening balance sheet as at February 1, 2010, the transition date before its interim reporting for the quarter ended April 30, 2011.
- Lakeside' first financial statements prepared in accordance with IFRS will be the interim financial statements for the three month period ending April 30, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending April 30, 2011 will also include 2010 financial statements for the

comparative period, adjusted to comply with IFRS, and Lakeside' transition date IFRS statement of financial position at February 1, 2010.

### **Environmental Contingency**

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of the date of this MD&A, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

### **Outlook**

Management believes the Company is well positioned to consummate the proposed RTO transaction with Grassland's Entertainment Inc. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required. Factors that could change the outlook for the Company include the further erosion of general economic and financial market conditions.

### **Forward-Looking Statements**

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Lakeside to fund the capital and operating expenses necessary to achieve the business objectives of Lakeside, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking

statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

### **Management's Responsibility for Financial Information**

Management is responsible for all information contained in this report. The audited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited consolidated financial statements in all material aspects. Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

External auditors, appointed by the board of directors, have audited the financial statements for the year ended January 31, 2011.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.



**LAKESIDE MINERALS CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE THREE MONTH PERIOD ENDED APRIL 30 2011 AND 2010**

**September 29, 2011**

Management's discussion and analysis (MD&A) is current to September 29, 2011 and is management's assessment of the operations and the financial results together with future prospects of Lakeside Minerals Corp. ("Lakeside", "Corporation", or the "Company"). This MD&A should be read in conjunction with our interim unaudited consolidated financial statements and related notes for the period ended April 30, 2011, prepared in accordance with Canadian generally accepted accounting principles. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Lakeside's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A.

**General Overview**

Lakeside Minerals Corp. was originally incorporated as Alpaca Holdings Inc. under the *Business Corporations Act* (Ontario) on August 21, 2007. The Company did not carry out any commercial activity until the fiscal year ended January 31, 2011. On November 15, 2010, Alpaca Holdings Inc. changed its name to Lakeside Minerals Corp. The Company is engaged in the acquisition, exploration and development of mineral resource properties in Canada. The Company is in the process of exploring and has not yet determined whether there are economically viable reserves on its acquired or optioned mineral properties.

To date the Company has not earned revenue from its acquired or optioned mineral properties: all its mineral properties are considered to be in the exploration stage.



At September 29, 2011, the members of Company's Board of Directors consisted of:

Yannis Banks  
Andres Tinajero  
Scott Jobin-Bevans  
Richard Cleath  
Jean-François Pelland  
Jean-Pierre Chauvin  
Jeremy Goldman

### **Recent Developments**

#### **Grasslands Entertainment Inc. Letter Agreement:**

On January 20, 2011, the Company, Foundation Financial Holdings Corp. ("FFHC") and Grasslands Entertainment Inc. ("Grasslands"), a company listed on the TSX Venture Exchange, entered into an arm's length binding letter agreement pursuant to which Grasslands agreed to acquire all of the issued outstanding securities of the Company. The transaction will constitute a reverse take-over ("RTO") of Grasslands by the Company under the policies of the TSX Venture Exchange.

#### **About Lakeside Minerals Corp.**

Lakeside Minerals Corp. is engaged in acquiring, exploring, and developing mineral properties in the mining friendly jurisdiction of Quebec. Currently the Company holds a portfolio of nine properties.

Lakeside completed a NI 43-101 compliant technical report and a preliminary field program on the Company's Dufay gold property, which is located west of Rouyn-Noranda, Quebec and just east of the historic Kerr-Addison gold mine. The Company also completed airborne surveys on several of its properties.

Four of Lakeside's gold properties are described below. Quoted historical exploration results are derived from filed assessment reports and governmental databases. The Company has not independently verified these results. Selected highlight results may not be indicative of average grades. Mineralization on properties adjacent to the Company's properties is not indicative of mineralization on the Company's properties.

**Dufay Property** - Gold property located some 30 km west-southwest of Rouyn-Noranda, Quebec. The property consists of 53 contiguous claims covering 27.45 sq km and is easily accessible via Highway 117. The Dufay property is situated 4 km south of the prolific Larder Lake – Cadillac Fault, 5 km east of the historic Kerr-Addison gold mine (past production of 12 million ounces of gold), and 10 km southwest of the Francoeur

Mine, under development by Richmond Mines Inc. The Dufay property was originally explored for copper from 1929 to 1946 and much of the drill core was not assayed for gold. Limited gold assay highlights from surface sampling includes 6.32 g/t Au over 1.37 m and from historic drilling includes 8.82 g/t Au over 2.23 m (true width), which includes 20.91 g/t Au over 0.67 m, and includes 10.29 g/t Au over 0.55 m.

**Disson Property** - Gold property located some 22 km northeast of La Sarre, Quebec. The Disson property consists of 76 non-contiguous claims covering a total area of 32.89 sq km: 36 claims covering 10.24 sq km are under option agreement; 40 claims, 22.65 sq km, are 100% owned by Lakeside. The property is easily accessed via secondary gravel roads off Highway 111. The Disson property straddles a major east-west deformation zone that displays a strong alteration halo some 75 m to 180 m wide and with a minimum strike length of 2.1 km. Alteration consists of dolomite + ankerite +/- fuchsite +/- pyrite. Gold occurs primarily as free gold and is locally visible in drill core. Highlights from limited historical drilling include 44.2 g/t Au over 4 m, which includes 173.9 g/t Au over 1 m; and 2.13 g/t Au over 7 m, which includes 7.48 g/t Au over 1.3 m.

**Launay Property** - Gold property located 48 km northeast of Rouyn-Noranda, Quebec. Totalling 11.32 sq km, the property consists of 28 non-contiguous claims situated along or in the vicinity of the northwest trending, over 65 km long, Macamic Deformation Zone. Scattered historic drilling along a 20 km stretch of this deformation zone and subsidiary faults, on properties adjacent or in proximity to the Launay claims, has returned results up to 347 g/t Au over 1.0 m, 264 g/t Au over 0.8 m, 235.9 g/t Au over 0.2 m, 96 g/t Au over 0.7 m and 16 g/t Au over 1.2 m. The Launay claims straddle some 5 km of the Macamic Deformation Zone or subsidiary faults. Highlights from historical drilling on the Launay claims include 10.29 g/t Au over 4.11 m, which includes 35.66 g/t Au over 1.07 m; other results include 7.9 g/t Au over 0.3 m and 5.5 g/t Au over 0.4 m.

**Quevillon Property** - Gold property centered some 7 km southwest of Lebel-sur-Quévillon, Quebec and situated 12 km southeast of Maudore Minerals Ltd. Comtois property. The Quevillon property consists of 46 claims in two separate blocks, totaling 6.78 sq km that include or surround known gold-copper showings. Historical results from showings within the claim blocks include 72.8 g/t Au over 0.3 m (outcrop) and 13.7 g/t Au over 1 m (trenching); drilling highlights include 3.2 g/t Au over 1.1 m.

Lakeside's management and board have extensive experience in exploring and developing mineral deposits and building shareholder value. Foundation Financial Holdings Corp., primarily through its wholly-owned subsidiary Foundation Opportunities Inc. ("FOF"), is a controlling shareholder of Lakeside. FOF is controlled by Jeremy Goldman (of North York, Ontario), Yannis Banks (of Toronto, Ontario) and the Goomie Trust, a trust formed under the laws of the province of Ontario, who together hold a 95% interest in FOF.

## **Financing Activities:**

All of the Company's efforts to fund the development of its claims have been by way of equity private placements.

Subsequent to April 30, 2011, Lakeside completed an interim financing of \$350,650 (the "Interim Financing"), 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 ending on the earlier of (i) 60 months from the closing date and (ii) 24 months from the date upon which the company completes a going public transaction, subject to acceleration in certain circumstances.

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 that is the earlier of; (a) 60 months from April 4, 2011, and (b) 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 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 that is the earlier of; (a) 60 months from April 4, 2011, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

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 a period that is the earlier of; (a) 60 months from December 29, 2010, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

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 that is the earlier of; (a) 60 months from December 29, 2010, and (b) 24 months from the date of completion of a going public transaction, for cash consideration of \$0.20.

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.

## **Management of the Company:**

Pursuant to a management services agreement, Cavalry provides various services to Lakeside. On June 13, 2011, Mr. Gary Hokkanen tendered his resignation as CFO to the Company. Also on June 13, 2011, the Company appointed, Mr. Christopher Hazelton, Vice President of Cavalry, as CFO. On June 13, 2011 Mr. Gary Hokkanen tendered his resignation as Chief Financial Officer (“CFO”) and appointed Mr. Christopher Hazelton in his place.

On June 13, 2011 Mr. Banks tendered his resignation as President and was appointed to the position of Chairman of the Board and Mr. Justino was appointed as President and CEO.

Mr. Justino joined Lakeside on March 23, 2011 as Vice President Exploration. Prior to joining Lakeside, he was Vice President Exploration with Colt Resources Inc. and acted as “Qualified Person” as defined under NI 43-101. Mr. Justino is fluent in English, French, and Portuguese. He is a member of l’Ordre des géologues du Québec, the Society of Exploration Geologists and the PDAC. He holds a Bachelor of Science (B.Sc. Hons.) degree in Geology from McGill University and a Master of Science (M.Sc.) degree in Geology from Acadia University.

Mr. Hazelton joined Cavalry Corporate Solutions Ltd. a private financial and consulting services entity located in Toronto, as Vice President, in February 2011. Mr. Hazelton is a Certified General Accountant with significant experience in a variety of industries. Mr. Hazelton earned an Honours Bachelor of Commerce degree from McMaster University in 1998 and obtained a CGA accreditation in 2007.

## **Overall Performance**

While general economic conditions continue to improve and stability appears to be returning to financial and commodity markets, significant uncertainty concerning the short and medium term global economic outlook persists. Management, in conjunction with the Board of Directors, will continue to monitor these developments and their effect on Lakeside’s business.

As at April 30, 2011, the Company had assets of \$847,550, liabilities of \$145,664 and a net equity position of \$667,184. During the three month period ended April 30, 2011, the Company incurred a loss of \$224,817 and spent \$89,021 on its optioned mining properties.

At April 30, 2011, the Company had working capital of \$347,095 and cash and cash equivalents of \$457,932. The Company is currently raising additional capital with a flow-through and non-flow-through private placement financing for gross proceeds of \$500,000.

The Company believes it has sufficient working capital to operate in the current form for the nine month period ended January 31, 2012.

## **Trends**

The Company is a junior mineral exploration company that has begun to assemble an experienced management team to engage in the acquisition, exploration and development of properties prospective for economic deposits. The Company's financial success will be dependent upon the extent to which it can make discoveries of minerals at its optioned properties and on the economic viability of any such discovery. The development of such properties may take years to complete and the resulting income, if any, is difficult to determine with any certainty. The Company lacks mineral resources and mineral reserves and to date has not produced any revenues. The economic viability of any mineral discovery by the Company will be largely dependent upon factors beyond its control, such as the market value of the commodities produced. Although economic conditions in Canada have improved since the beginning of 2009, the Company remains cautious in case the economic factors that impact the mining industry deteriorate. These factors include uncertainty regarding the prices of commodities, and the availability of equity financing for the purposes of mineral exploration and development. The prices of commodities have been volatile in recent periods and financial markets have deteriorated to the point where it has become extremely difficult for companies, particularly junior exploration companies, to raise new capital, even though there are signs the situation may be improving. The Company's future performance is largely tied to the development of its mineral claims properties and the overall financial markets. Financial markets are likely to continue to be volatile over the balance of calendar 2011, reflecting ongoing concerns about the global economy. Companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders. With continued market volatility expected, the Company's current strategy is to continue its exploration program on the mining claims and to seek out other prospective business opportunities. The Company believes that this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining momentum on key initiatives. These trends may limit the Company's ability to develop and/or further explore its mineral property interests and/or other property interests that it may acquire. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates into both short-term operating and longer-term strategic decisions.

## **Selected Interim Information**

Summarized selected financial information with respect to Lakeside for the three-month periods ended April 30, 2011 and 2010 is as follows:

	April 30, 2011	April 30, 2010
Total expenses	\$ 224,817	\$ -
Net (Loss)	(224,817)	-
(Loss) per share	(0.02)	-
Total assets	847,550	-
Total liabilities	180,366	-
Shareholders' equity	667,184	-
Cash dividends declared	-	-

### **Results of Operations**

The Company did not carry on commercial activities prior to October 2010 and therefore this MD&A will provide commentary on the results of operations during the three month period ended April 30, 2011 only.

Lakeside recorded a net loss of \$224,817 during the three-month period ended April 30, 2011.

Consulting fees & salary expenses totaled \$75,833 during the three-month period ended April 30, 2011 and consisted of \$21,000 paid to Foundation Opportunities Inc. ("FOI") for general consulting services including but not limited to the services of Mr. Banks, \$15,000 paid to Cavalry for accounting, controllership, and corporate secretarial services including but not limited to the services of Mr. Hokkanen, \$26,000 in relation to a recruitment firm and \$13,833 paid to the VP of exploration.

Professional fees, consisting of legal and accounting fees, totaled \$90,036 during the three-month period ended April 30, 2011. The Company incurred \$87,834 in legal fees and \$2,202 in accounting fees for the three month period ended April 30, 2011. 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 Rubinoff LLP ("Fogler") and has accrued \$71,200 in relation to these past costs.

The Company also incurred \$3,387 in office and general expenses during fiscal 2012 which consisted of travel, entertainment and other miscellaneous costs.

The Company recorded a charge of \$30,561 to the statement of operations as stock based compensation expense consisting of the fair value of options to purchase up to 700,000 shares of the Company's common stock granted to a director of the Company and

Cavalry Corporate Solutions Ltd. The Company utilized the Black-Scholes options pricing model to value the options using a risk free interest rate of 2.36% and expected volatility of 125%.

On March 31, 2011, the Company terminated the Uranium 22B15 agreement and forfeited its option to acquire the Mining Claims. During the three month period ended April 30, 2011, the Company recorded an impairment charge of \$25,000.

Loss per share during the three months period ended April 30, 2011 was \$(0.02).

Management expects the level of losses to increase in future periods as development and exploration activities ramps up on the claims for which the Company has contracted to explore.

### **Summary of Quarterly Results**

The Company did not carry out any commercial activity and was dormant prior to October 2010. The three months ended January 31, 2011 represent the first period of activity for the Company.

(except LPS)									
Quarter Fiscal Yr.	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	
Net (loss)	(224,817)	(133,203)	-	-	-	-	-	-	-
(Loss) per share	(0.02)	(0.075)	-	-	-	-	-	-	-

### **Liquidity and Financial Position**

As a junior resource company, the Company has no regular cash flow from operations, and the level of operations is principally a function of availability of capital resources. To April 30, 2011, the principal source of funding has been through the completion of private placements for gross proceeds of \$868,601. Going forward, the Company will have to continue to rely on equity or debt financings for its working capital. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest.

At January 31, 2011, the Company had total assets of \$561,852 consisting of \$295,645 of cash, \$15,437 of an HST receivable and \$250,770 invested in exploration properties.

At April 30, 2011, total assets increased \$285,698 to \$847,550 consisting of \$457,932 of cash, \$34,827 of an HST receivable and \$354,791 invested in exploration properties.

The cash balance represents the residual amount from the financing efforts of the Company prior to April 30, 2011. The Company has been successful in raising net proceeds of \$838,445 through seed financing followed by flow-through and non-flow-through share financing.

#### Investment in Exploration Properties

The most important asset of the Company consists of its investment in exploration properties located in the Province of Quebec exploration properties. As of April 30, 2011, the carrying value of the exploration properties total \$354,791. The carrying value of the claims can be summarized as follows:

Dufay	\$225,787
Disson	49,502
Launay	39,502
Quevillon	12,500
Kipawa	2,500
21M16	<u>25,000</u>
Total	\$354,791

The net book value of the exploration properties consist of charges for payments made to the vendors in cash or shares of the Company's common stock and amounts expended for IP surveys, geologist and technician services, reports, maps and other similar miscellaneous costs.

The activity in each claim is summarized as follows:

#### **Dufay Claims:**

Pursuant to the Dufay option agreement the Company issued 1,000,000 shares of its common stock, valued at \$50,000, and paid \$25,000 in cash to the vendors. In addition the Company expended \$55,000 in IP surveys, \$29,200 in geologist and technician services and \$66,857 in maps, reports and other miscellaneous costs, to explore the property. The Company has engaged Caracle Creek International Consulting Inc. ("CCIC") to provide a NI43-101 report on the Dufay property. The sum of all expenditures on the Dufay property, including acquisition costs whether paid in common stock or cash totaled \$225,787 at April 30, 2011.

#### **Disson Claims:**

The Company has issued 250,000 shares of its common stock, valued at \$12,500 and paid \$35,000 in cash as acquisition costs to the vendors of the Disson claims. The Company



has incurred \$2,002 in exploration costs to develop the Disson property. The carrying value of the Disson claims at April 30, 2011 was \$49,502.

**Launay Claims:**

The Company has issued 250,000 shares of its common stock, valued at \$12,500 and paid \$25,000 in cash as acquisition costs to the vendors of the Launay claims. The Company has incurred \$2,002 in exploration costs to develop the Launay property. The carrying value of the Launay claims at April 30, 2011 was \$39,502.

**Quevillon Claims:**

The Company has expended \$nil to further explore the Quevillon properties but as of April 30, 2011 has issued 50,000 shares of its common stock, valued at \$2,500 and paid \$5,000 to the vendors of the Quevillon properties. As of April 30, 2011, the carrying value of the Quevillon claims was \$12,500.

**Kipawa Claims:**

The Company has issued 50,000 shares of its common stock, valued at \$2,500 as acquisition costs for the Kipawa property. As of April 30, 2011, the net book value of the Kipawa claims was \$2,500.

**21M16 Claims:**

As of January 31, 2011, the Company has issued 400,000 shares of its common stock, valued at \$20,000 and has paid \$5,000 in cash as acquisition costs of the 21M16 property. The Company has expended \$nil to further explore these claims. At April 30, 2011 the net book value of the 21M16 claims was \$25,000.

Management expects to incur substantial amounts on exploration costs over fiscal 2012 - 2014 on its mining claims. The Company is also obligated to issue an additional 2,200,000 shares of its common stock and pay \$559,500 in cash to the vendors. In addition, in order to keep the claims in good standing the Company is required to expend over \$1,600,000 on drilling programs.

Accounts payable and accrued liabilities totaled \$145,664 at April 30, 2011 and represented amounts due to consultants, contractors and professional advisors of the Company under usual credit terms.

At April 30, 2011, the Company has recorded a net future tax liability of \$34,702 representing a future tax liability of \$51,500 associated with amounts renounced under a flow-through share financing offset by \$16,798 of future tax assets associated with the non-capital loss carry forwards of the Company.

Total shareholders' equity at April 30, 2011 was \$667,184 and consisted of \$759,060 of share capital, \$152,885 attributed to outstanding warrants, \$113,259 in contributed surplus all offset by a deficit of \$358,020.

Share capital consists of the 14,055,100 shares of the Company's common stock issued for gross proceeds of \$868,601, reduced by; a) \$30,155 in share issue costs, b) warrants bifurcated from units issued by the Company valued at \$152,885, and c) \$51,500 representing the charge of a tax effect upon renunciation of eligible exploration costs.

Through a series of equity private placements the Company has issued warrants to acquire up to 3,407,500 shares of the Company's common stock. Management has determined that the fair value of these warrants utilizing the Black-Scholes option pricing model was \$152,885 (note 7). The Company used the following assumptions in the Black-Scholes option pricing model:

Risk-free interest rate	1.76%
Expected life	2.4 years
Expected volatility	139%
Expected dividend yield	0

Contributed surplus of \$113,259 consists of the fair value of options to purchase 2,100,000 shares of the Company's common stock granted to directors of the Company and Cavalry Corporate Solutions Ltd. (note 6). The Company utilized the Black-Scholes options pricing model to value the options using a risk free interest rate of 2.36% and expected volatility of 125%.

### **Capital Resources**

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.

The investment in and anticipated exploration expenditures on the exploration properties will comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon obtaining the necessary financing to continue exploration and development of the properties, the attainment of successful production from the properties or from the proceeds of their disposal. The continuing operations of the Company are dependent upon its ability to continue to raise capital to fund its exploration and development programs. While the Company has been successful in securing financing in the year, there can be no assurance that it will be able to do so in the future.

Management believes that a future source for partial funding of the development of its exploration properties may be funded from issued and outstanding options and warrants. As at April 30, 2011, the Company has warrants to acquire up to 3,407,500 shares of the Company's common stock and options to acquire up to 2,100,000 shares of the Company's common stock outstanding. If all warrants and options were exercised the gross proceeds received would be \$1,101,500.

Management also believes that the proposed RTO transaction with Grassland Entertainment Inc. will provide the Company with the opportunity to access the public markets for equity or debt financings. The Company has also been assembling a strong complement of directors to assist the Company in its future developments. Current members of the board represent an extremely favourable cross section of industry participants who can bring advantageous business relationships to the Company.

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

As of April 30, 2011, the Company has no off balance sheet arrangements.

### **Related-Party Transactions**

The Company and Foundation Opportunities Inc. ("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 each of Yannis Banks, Adam Szweras, 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. In addition, the Company agreed to pay a success fee of \$75,000 upon the successful completion of a going public transaction. For the three months ended April 30, 2011 the Company paid FOI \$21,000 (2010-\$nil) for financial advisory and consulting services rendered. In addition, Foundation Markets Inc. ("FMI") a subsidiary of FFHC received a commission payment of \$3,000 for the placement of the Company's common shares during the April 4, 2011 private placement.

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 majority shareholder. In consideration for services the Company agreed to pay \$4,000 for the first three month period and \$5,000 per month until October 31, 2011. For the three months ended April 30, 2011 the Company recorded \$15,000 (2010-\$nil) for management services provided by Cavalry.

During the three months ended April 30, 2011, Fogler, a law firm in which Adam Szweras, a officer of the Company, is also a partner, provided \$16,634 of legal services. 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 accrued \$71,200 in relation to these past costs. At April 30, 2011, accounts payable and accrued liabilities include \$87,854 due to Fogler.

The Company entered into a general consultancy agreement with Caracle Creek International Consulting Inc. ("CCIC"); Scott Jobin-Bevans is a director of the Company and a significant, but not controlling, shareholder. CCIC was engaged to provide a NI 43-101 report and field work on the Dufay mineral property. CCIC provided \$88,978 of consulting services during the period which was capitalized in investments in exploration properties. At April 30, 2011, accounts payable and accrued liabilities include \$11,225 due to CCIC.

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 period ended April 30, 2011. At April 30, 2011, accounts payable and accrued liabilities include \$29,380 due to MinePros. Subsequent to the period ended April 30, 2011, MinePros converted \$13,000 into 130,000 common shares of the Company at an ascribed price of \$0.10 per common share.

These transactions are in the normal course of business and are measured at the exchange amounts.

### **Share Capital**

As at April 30, 2011, Lakeside had authorized unlimited common shares without par value and had issued 14,055,100 common shares. If all issued and options and warrants were exercised the number of common shares outstanding would be 19,562,600.

### **Financial Instruments and Other Instruments**

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

#### **(a) Property risk**

The Company has an interest in various Quebec properties. Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon the Quebec properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's Quebec properties would have a material adverse effect on the Company's financial condition and results of operations.

#### **(b) Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

*Credit risk*

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash and cash equivalents consists of cash on hand with a reputable financial institution. Financial instruments included in amounts receivable consist of sales tax receivables from government authorities in Canada. The amounts receivable are in good standing as of April 30, 2011. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and amounts receivable 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 April 30, 2011, the Company had cash of \$457,932 to settle current liabilities of \$145,664. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

*Market risk*

*Interest rate risk*

The Company has significant cash balances and no interest-bearing debt. The Company regularly monitors its cash management policy.

*Foreign currency risk*

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

**Sensitivity analysis**

The Company has, for accounting purposes, designated its cash as held-for-trading, which is measured at fair value. Amounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which approximates fair market value.

As of April 30, 2011, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent because of the limited term of these instruments.

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) The Company has no debt and receives little or no interest rates on its cash balances. As such the Company does not have significant interest rate risk; and
- (ii) The Company generally does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

### **Fair value hierarchy**

Cash and cash equivalents are classified as Level 1 within the fair value hierarchy under Section 3862 of the CICA Handbook.

### **Capital Management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, warrants, contributed surplus and deficit which at April 30, 2011 totaled \$667,184.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral claims properties. Selected information is provided to the Board of Directors of the Company.

### **Critical Accounting Estimates**

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The critical accounting policies followed by the Company are as follows:

### *Investments in Exploration Properties*

The Company capitalizes property acquisition costs and related exploration expenditures until such time as the mineral properties are brought into production, are sold or are abandoned. These costs will be amortized over the estimated useful lives of the mineral properties following the commencement of production or written off if the mineral properties are sold, are abandoned or are determined by management to be impaired. The recorded costs of mineral properties, including exploration expenditures, representing costs incurred to date do not reflect present or future values.

### *Title to Mineral Property Interests*

Although the Company has taken steps to verify the title to mineral properties 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 or transfers and title may be affected by undetected defects.

### *Use of Estimates*

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant areas requiring the use of management estimates relate to the determination of impairment of investments in exploration properties, stock based compensation, warrants and options valuation and future tax assets and liabilities. Actual results could differ from those estimates.

### *Flow-Through Financing*

The Company has issued securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the expenditure of proceeds. When the tax authorities are informed that the resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate) and share capital is reduced.

### *Stock-Based Compensation*

The Company uses the fair value method of accounting to recognize compensation costs for the granting of all stock options and warrants using the Black-Scholes option pricing model. At exercise, the consideration paid by the warrant or option holders to purchase shares is credited to capital stock and the initial contributed surplus or warrants would be reversed.

### *Impairment of Long-Lived Assets*

Whenever events or circumstances indicated that an asset's fair value may not be at least equal to its carrying value, management of the Company reviews the net carrying value. This review involves consideration of the fair value of each property to determine whether a permanent impairment in value has occurred and whether any asset write down is necessary. The Company considers metal prices, cost of production, proven and probable reserves and salvage value of the mineral property.

Management's estimates are subject to risks and uncertainties of changes affecting the recoverability of the Company's investment in mineral properties. Management's estimates of these factors are based on current conditions. Nonetheless, it is reasonably possible that in the near term, changes that could adversely affect managements estimate of net cash flows expected to be generated from its properties could occur. This would necessitate a write down for asset impairment.

The Company also follows the guidance of EIC-174 "Impairment Testing of Mineral Exploration Properties" which states that a mining enterprise in the development stage, which has initially capitalized exploration costs but has not established mineral reserves objectively, is not obligated to conclude that the capitalized costs have been impaired.

### **Changes in Accounting Policies**

#### **International Financial Reporting Standards ("IFRS")**

In February 2008, the Accounting Standards Board (AcSB) confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, for year ends beginning on or after January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended January 31, 2011, and the opening balance sheet as at February 1, 2010.

The Company has completed its final determination of changes to its accounting policies and choices to be made with respect to first-time adoption alternatives but has opted, as a private entity, to continue to issue its financial statements under Canadian GAAP. The Company engaged its financial accounting services provider to prepare a written report including the expected changes as a result of the transition to IFRS. The Company plans to implement the transition effective February 1, 2011 when required pursuant to the proposed reverse-take-over with Grassland Entertainment Inc.

### **Environmental Contingency**

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of the



date of this MD&A, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

### **Outlook**

Management believes the Company is well positioned to consummate the proposed RTO transaction with Grassland's Entertainment Inc. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required. Factors that could change the outlook for the Company include the further erosion of general economic and financial market conditions.

### **Forward-Looking Statements**

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Lakeside to fund the capital and operating expenses necessary to achieve the business objectives of Lakeside, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise,

except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

**Management's Responsibility for Financial Information**

Management is responsible for all information contained in this report. The audited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited consolidated financial statements in all material aspects. Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

**SCHEDULE "J"**  
**FINANCIAL STATEMENTS OF RESULTING ISSUER**

**Lakeside Minerals Inc.**  
**(Formerly Grasslands Entertainment Inc.)**

**Unaudited Pro-forma Consolidated Financial Statement**

**March 31, 2011**

**Lakeside Minerals Inc.**  
**(Formerly Grasslands Entertainment Inc.)**  
**Notes to the Pro-forma Consolidated Financial Statements**

**PROPOSED TRANSACTION**

On January 20, 2011, Grasslands Entertainment Inc. ("Grasslands") entered into the arm's length binding Letter Agreement with Lakeside Minerals Corp. ("Lakeside"), a non-reporting issuer incorporated under the laws of the Province of Ontario on August 21, 2007, pursuant to which Grasslands will, subject to a number of conditions, acquire all of the issued and outstanding securities of Lakeside. The transaction will constitute a Reverse Take Over ("RTO") of Grasslands under the policies of the TSXV.

Pursuant to the Letter Agreement, Grasslands has agreed to form a new corporation ("Subco") for the purpose of amalgamating with Lakeside (the "Amalgamation"). Subco will be a wholly-owned subsidiary of Grasslands and will be created under the OBCA. As a condition of the amalgamation, Grasslands will hold a meeting of the shareholders of Grasslands to approve the Reverse Take Over pursuant to the rules and policies of the TSX Venture Exchange. The shareholders will also be asked to approve a share consolidation of the Class A voting shares of Grasslands on a five (5) old shares for one (1) new share basis.

Upon the Amalgamation of Lakeside and Subco, holders of common shares in the capital of Lakeside will be entitled to receive one consolidated share for each Lakeside Share. The foregoing consolidated shares will be issued at an ascribed price of \$0.175 per Consolidated Share.

Upon completion of the Amalgamation and assuming the minimum RTO Financing (see "Pro Forma Assumptions and Adjustments"), the Lakeside shareholders will hold approximately 87.7 % of the outstanding shares of the resulting issuer and the shareholders of Grasslands will hold approximately 12.3 % of the outstanding shares of the resulting issuer. Upon completion of the Amalgamation, it is expected that the resulting issuer's name will be "Lakeside Minerals Inc."

**BASIS OF PRESENTATION**

The accompanying unaudited pro-forma consolidated statements of financial position as at March 31, 2011, has been prepared by management of Grasslands to give effect to the Amalgamation. In the opinion of management, the unaudited pro-forma consolidated statement of financial position includes all adjustments necessary for the fair presentation of the transaction in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

The unaudited pro-forma consolidated financial statement may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited pro forma consolidated financial statements are not a forecast or projection of future results. The actual financial position and results of operations of the Resulting Issuer for any period following the effective date will likely vary from the amounts set forth in the unaudited pro forma consolidated financial statements and such variation may be material.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the unaudited interim financial statements of Grasslands as at March 31, 2011 and the audited financial statements as at June 30, 2010. In addition, the pro-forma consolidated financial statements should be read in conjunction with the unaudited interim financial statements of Lakeside as of April 30, 2011 and the audited financial statements as at January 31, 2011.

The unaudited pro-forma consolidated statement of financial position of Resulting Issuer as at March 31, 2011, has been prepared using information from the unaudited statement of financial position of Grasslands as at March 31, 2011 and of Lakeside as at April 30, 2011, and the adjustments and assumptions outlined below.

The classifications of Grasslands historical information presented in the unaudited pro-forma consolidated financial statements have been aggregated based on the presentation of these amounts within the reporting format used by Lakeside, and do not conform to the financial statements of Grasslands included by reference in the Filing Statement of Grasslands. No adjustments have been made to align the reporting periods of Grasslands and Lakeside.

**Lakeside Minerals Inc.**  
**(Formerly Grasslands Entertainment Inc.)**  
**Notes to the Pro-forma Consolidated Financial Statements**

**PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS**

The pro-forma consolidated financial statements incorporate the following pro-forma assumptions and adjustments:

1. In accordance with reverse take-over accounting:

- (i) The assets and liabilities of Lakeside are included in the pro-forma consolidated statement of financial position at their historic value.
- (ii) The net assets of Grasslands are included at fair value, assumed to be equal to their carrying value at March 31, 2011.
- (iii) Share capital, contributed surplus and deficit of Grasslands are eliminated.

Fair value of Grassland's net assets acquired:

Cash	\$ 76,888
Receivables	43,143
Property and equipment, net	1,218
Investments	75,001
Accounts payable and accrued liabilities	<u>(15,200)</u>
	<u>\$181,050</u>

It is anticipated that the Amalgamation will occur after Grasslands has adopted International Financial Reporting Standards ("IFRS"). Management does not believe the pro-forma assumptions and adjustments for the reverse acquisition under the provisions of IFRS 3 - Business Combinations will be different from those described herein under Canadian GAAP.

- 2. Costs associated with the transaction are estimated to be \$290,000.
- 3. Prior to the completion of the Amalgamation, it is assumed that the Grassland common shares will be consolidated on the basis of one new Grassland share for every five old Grassland share issued and outstanding. The share consolidation is subject to the approval of the shareholders of Grasslands at the annual and special meeting of the shareholders of Grasslands.
- 4. The unaudited pro-forma consolidated statement of financial position as at March 31, 2011 includes a proposed brokered financing of Lakeside (the "RTO Financing") to be completed in conjunction with the completion of the Amalgamation, for gross proceeds of a minimum of \$1,700,000 and a minimum of \$1,000,000 of non-flow through units. The units issued pursuant to the RTO Financing will have an issue price of (a) \$0.25 per unit for flow through Lakeside shares and (b) \$0.20 per unit for non-flow through Lakeside shares and will be comprised of one (1) Lakeside share and one-half (½) of one common share purchase warrant, with each whole warrant exercisable into one (1) Lakeside share at an exercise price of \$0.40 per share for a period of 24 months from the date of issue.

The fair value of the 3,900,000 share purchase warrants was estimated at \$220,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.76%; volatility 100% and an expected life of 2 years.

- 5. As compensation for acting as agent in the concurrent RTO Financing, Lakeside has agreed to pay a cash commission equal to 8% of the gross proceeds received and to issue to any agent, broker warrants to purchase up to a further 8% of the units issued. Such broker warrants to be exercisable into units identical in exercise terms to those issued under the RTO Financing and to be exercisable for a period of 24 months from the date of issue.

The fair value of the 624,000 share purchase warrants was estimated at \$48,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.76%; volatility 100% and an expected life of 2 years.

**Lakeside Minerals Inc.**  
**(Formerly Grasslands Entertainment Inc.)**  
**Notes to the Pro-forma Consolidated Financial Statements**

The fair value of the 312,000 purchase warrants on exercise of the brokers units was estimated at \$18,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.76%; volatility 100% and an expected life of 2 years.

6. Subsequent to April 30, 2011, Lakeside issued 130,000 common shares to an arm's length party in exchange for consulting services valued at \$13,000.
7. Subsequent to April 30, 2011, Lakeside issued 200,000 stock options to an officer of the Company.

The fair value of the 200,000 stock options was estimated at \$7,800 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.36%; volatility 100% and an expected life of 5 years.

8. Subsequent to April 30, 2011, Lakeside completed an interim financing of \$350,650 (the "Interim Financing"), 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 ending on the earlier of (i) 60 months from the closing date and (ii) 24 months from the date upon which the company completes a going public transaction, subject to acceleration in certain circumstances. Foundation will act as agent in connection with the financing.

The fair value of the 1,118,833 share purchase warrants was estimated at \$39,535 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.76%; volatility 100% and an expected life of 2 years.

9. In connection with the Interim Financing, Lakeside paid Foundation 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 at any time until the period ending on the earlier of (i) 60 months from the closing date and (ii) 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 \$9,697 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.76%; volatility 100% and an expected life of 2 years.

The fair value of the 89,507 purchase warrants on exercise of the compensation options was estimated at \$3,162 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.76%; volatility 100% and an expected life of 2 years.

10. Subsequent to April 30, 2011, Lakeside agreed to issue 150,000 options upon closing of the acquisition to an arm's length party in exchange for consulting services.

The fair value of the 150,000 stock options was estimated at \$5,900 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.36%; volatility 100% and an expected life of 5 years.

**Lakeside Minerals Inc.**  
**(Formerly Grasslands Entertainment Inc.)**  
**(an exploration stage Company)**  
**Pro-forma Balance Sheet**

	Historical		Pro-forma		
	Lakeside April 30, 2011 (Unaudited)	Grasslands March 31, 2011 (Unaudited)	Adjustments	Notes	Lakeside Minerals Inc. March 31, 2011 (Unaudited)
<b>Assets</b>					
<b>Current Assets</b>					
Cash	457,932	76,888	(290,000)	(2)	
			1,700,000	(4)	
			(136,000)	(5)	
			350,650	(8)	
			(28,052)	(9)	2,131,418
Receivables	34,827	43,143	-		77,970
	<b>492,759</b>	<b>120,031</b>	-		<b>2,209,388</b>
Property and Equipment, net	-	1,218	-		1,218
Investment in exploration properties	354,791	-	-		354,791
Investments	-	75,001	-		75,001
	<b>847,550</b>	<b>196,250</b>	-		<b>2,640,398</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable and accrued liabilities	145,664	15,200	(13,000)	(6)	147,864
	<b>145,664</b>	<b>15,200</b>	<b>(13,000)</b>		<b>147,864</b>
Future tax Liability	34,702	-	-		34,702
	<b>180,366</b>	<b>15,200</b>	<b>(13,000)</b>		<b>182,566</b>
<b>Shareholders' Equity</b>					
Share capital	759,060	1,480,189	(1,480,189)	(1)	
			181,050	(1)	
			(77,000)	(2)	
			1,700,000	(4)	
			(220,000)	(4)	
			(136,000)	(5)	
			(48,000)	(5)	
			(18,000)	(5)	
			13,000	(6)	
			350,650	(8)	
			(39,535)	(8)	
			(28,052)	(9)	
			(12,859)	(9)	2,424,314
Contributed Surplus	113,259	40,880	(40,880)	(1)	
			7,800	(7)	
			5,900	(10)	126,959
Warrants	152,885	-	220,000	(4)	
			48,000	(5)	
			18,000	(5)	
			39,535	(8)	
			12,859	(9)	491,279
Accumulated deficit	(358,020)	(1,340,019)	1,340,019	(1)	
			(213,000)	(2)	
			(7,800)	(7)	
			(5,900)	(10)	(584,720)
	<b>667,184</b>	<b>181,050</b>	-		<b>2,457,832</b>
	<b>847,550</b>	<b>196,250</b>	-		<b>2,640,398</b>



**Lakeside Minerals Inc.**  
**(Formerly Grasslands Entertainment Inc.)**  
**(an exploration stage Company)**  
**Pro-forma Profit & Loss**

	Historical				Pro-forma	
	Lakeside Nine months ended April 30, 2011 (Unaudited)	Grasslands Nine months ended March 31, 2011 (Unaudited)	Adjustments	Notes	Lakeside Minerals Inc. Nine months ended March 31, 2011 (Unaudited)	Lakeside Minerals Inc. Twelve months ended June 30, 2010
<b>Revenue</b>	\$ -	\$ 12,493	\$ -		\$ 12,493	\$ 18,894
	<u>-</u>	<u>12,493</u>	<u>-</u>		<u>12,493</u>	<u>18,894</u>
<b>Expenses</b>						
Consulting fees and salaries	119,833	40,500	213,000	(2)	373,333	-
Professional fee's	110,305	-	-		110,305	-
Office and general	6,421	3,180	-		9,601	225,943
Stock based compensation	113,259	-	13,700	(7,10)	126,959	-
Impairment	25,000	-	-		25,000	89,062
Amortization of property and equipment	-	354	-		354	674
	<u>374,818</u>	<u>44,034</u>	<u>226,700</u>		<u>645,552</u>	<u>315,679</u>
<b>Other Income</b>						
Interest Income	-	-	-		-	11,737
	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>11,737</u>
Loss before tax	<u>(374,818)</u>	<u>(31,541)</u>	<u>(226,700)</u>		<u>(633,059)</u>	<u>(285,048)</u>
Income tax recovery	(16,798)	-	-		(16,798)	-
<b>Net loss and comprehensive loss</b>	<u>\$ (358,020)</u>	<u>\$ (31,541)</u>	<u>\$ (226,700)</u>		<u>\$ (616,261)</u>	<u>\$ (285,048)</u>

**Lakeside Minerals Inc.**  
**(Formerly Grasslands Entertainment Inc.)**  
**Pro-forma Share Capital**  
**March 31, 2011**

	Resulting Issuer		Pro-forma
	Notes	Number	Amount
Lakeside common shares outstanding as at March 31, 2011		14,055,100	759,060
Issue of shares for service	(6)	130,000	13,000
Financing of 2,237,667 units	(8)	2,237,667	350,650
Fair value assigned to warrants	(8)	-	(39,535)
Cost of issue			
Cash commission paid	(9)	-	(28,052)
Fair value assigned to brokers' warrants	(9)	-	(12,859)
Concurrent financing of 7,800,000 units	(4)	7,800,000	1,700,000
Fair value assigned to warrants	(4)	-	(220,000)
Cost of Issue			
Cash commissions paid	(5)	-	(136,000)
Fair value assigned to brokers' warrants	(5)	-	(66,000)
Lakeside common shares outstanding as of March 31, 2011		24,222,767	2,320,264
Grassland common shares issued and outstanding as of March 31, 2011		16,997,696	-
Reduction of Grasslands shares issued and outstanding as a result of the 1 for 5 share consolidation		(13,598,157)	-
Increase in value of share capital based on the net assets of Grasslands	(1,2)	-	104,050
		<u>27,622,306</u>	<u>2,424,314</u>

**Lakeside Minerals Inc.**  
**(Formerly Grasslands Entertainment Inc.)**  
**Notes to the Pro-forma Consolidated Financial Statements**

**PRO-FORMA WARRANTS**

Pro-forma warrants at March 31, 2011, are as follows:

<b>Date of Expiry</b>	<b>Type</b>	<b>No. of Warrants</b>	<b>Exercise Price \$</b>	
(1)	Lakeside warrants	3,407,500	0.20	
(1)	Lakeside warrants	3,900,000	0.40	Note 4
(1)	Lakeside warrants	1,118,833	0.30	Note 8
<b>Total</b>		<b>8,426,333</b>		

(1) The expiry date is 24 months from the date of completion of a going public transaction.

**PRO-FORMA STOCK OPTIONS**

Pro-forma Stock options as at March 31, 2011 are as follows:

<b>Range of Exercise Prices (\$)</b>	<b>No. of Options Outstanding</b>	<b>Weighted Average Remaining Life (Years)</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>No. of Options Currently Exercisable</b>	<b>Weighted Average Exercise Price (\$) of Exercisable Options</b>	
<b>0.20</b>	2,100,000	5.0	0.20	2,100,000	0.20	
<b>0.40</b>	350,000	5.0	0.40	350,000	0.40	Note 7,10
<b>0.20</b>	<b>2,450,000</b>	<b>5.0</b>	<b>0.22</b>	<b>2,450,000</b>	<b>0.22</b>	