CCT CAPITAL LTD.

INTERIM FINANCIAL STATEMENTS

For the three and nine months ended January 31, 2012

(Unaudited)

CCT CAPITAL LTD.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
Canadian dollars

	January 31, 2012	April 30, 2011
ASSETS		
Current		
Cash	$ 12,610	$ 4,591
Short-term investments (Note 5)	65,000	120,000
Receivables	4,118	5,200
TOTAL ASSETS	**$ 81,728**	$ 129,791
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 45,468	$ 16,411
Due to related parties (Note 8)	3,500	4,000
	48,969	20,411
Shareholders' equity		
Share capital (Note 7)	1,289,661	1,289,661
Contributed surplus	333,511	333,511
Deficit	(1,590,413)	(1,513,792)
Total shareholders' equity	32,759	109,380
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 81,728**	**$ 129,791**

Corporate information and liquidity risk (Note 1)

Commitment (Note 6)

On behalf of the Board:

"Laurie Sadler" Director ***"Kim Evans"*** Director

The accompanying notes are an integral part of these financial statements

CCT CAPITAL LTD.
INTERIM STATEMENTS OF LOSS
(Unaudited)
Canadian dollars

	Three months ended		Nine months ended	
	January 31, 2012	**January 31, 2011**	**January 31, 2012**	**January 31, 2011**
EXPENSES				
Consulting Fees	$ 13,200	$ 11,500	$ 34,200	$ 32,825
Office and miscellaneous	107	1,073	239	2,322
Professional fees	22,567	4,975	37,887	33,204
Property Investigation	-	23,877	-	94,316
Shareholder communications	-	4,068	-	4,068
Transfer agent and regulatory fees	515	2,516	4,777	7,101
	(36,389)	(48,009)	(77,103)	(173,836)
OTHER INCOME				
Interest income	2	437	483	1,644
Loss for the period	**$ (36,387)**	**$ (47,572)**	**$ (76,620)**	**$ (172,192)**
Net loss per common share				
Basic	$0.00	$0.00	$0.01	$0.01
Diluted	$0.00	$0.00	$0.01	$0.01
Weighted average number of common shares outstanding	12,030,000	12,030,000	12,030,000	12,030,000

CCT CAPITAL LTD.
INTERIM STATEMENT OF COMPREHENSIVE LOSS
(Unaudited)
Canadian dollars

	Three months ended		Nine months ended	
	January 31, 2012	January 31, 2011	January 31, 2012	January 31, 2011
Loss for the period	**$ (36,387)**	**$ (47,572)**	**$ (76,620)**	**$ (172,192)**
Other comprehensive loss	-	-	-	-
Other comprehensive loss for the period	-	-	-	-
Comprehensive loss for the period	**$ (21,445)**	**$ (47,572)**	**$ (76,620)**	**$ (172,192)**

The accompanying notes are an integral part of these financial statements

CCT CAPITAL LTD.
STATEMENT OF CHANGES IN EQUITY
(Unaudited)
Canadian dollars

	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total Equity
Balance – May 1, 2011	**$ 1,289,661**	**$ 333,511**	**$ -**	**$ (1,513,792)**	**$ 109,380**
Net loss for the period	-	-	-	(76,620)	**(76,620)**
Other comprehensive loss	-	-	-	-	-
Comprehensive loss for the period	-	-	-	(1,590,412)	**32,760**
Balance – January 31, 2012	**$ 1,289,661**	**$ 333,511**	**$ -**	**$ (1,590,412)**	**$ 32,760**
Balance – May 1, 2010	**1,289,661**	**333,511**	**-**	**(1,317,893)**	**305,279**
Net income for the period	-	-	-	(172,192)	**(172,192)**
Other comprehensive income	-	-	-	-	**-**
Comprehensive loss for the period	-	-	-	(172,192)	**(172,192)**
Balance – January 31, 2011	**$ 1,289,661**	**$ 333,511**	**$ -**	**$ (1,490,085)**	**$ 133,087**

The accompanying notes are an integral part of these financial statements

CCT CAPITAL LTD.
INTERIM STATEMENT OF CASH FLOWS
(Unaudited)
Canadian dollars

For the nine months ended January 31		2012		2011
OPERATING ACTIVITIES				
(Loss) income for the period	$	(76,620)	$	(172,192)
Changes in non-cash working balances related to operations				
Receivables		1,081		(6,442)
Due to related parties		(500)		(2,914)
Accounts payable and accrued liabilities		29,058		12,494
Cash used in operating activities		(46,981)		(169,054)
INVESTING ACTIVITIES				
Short-term investments		55,000		170,000
Cash used in investing activities		55,000		170,000
Change in cash		(8,019)		946
Cash, beginning of period		4,591		10,950
Cash, end of period	$	12,610	$	11,896
Supplementary cash flow information:				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-

The accompanying notes are an integral part of these financial statements

1 Corporate information and liquidity risk

CCT Capital Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada. Its principal business activities are the acquisition and exploration of mineral properties. The Company is currently in the process of identifying, evaluating and negotiating business opportunities in the resource industry.

Effective August 10, 2010, the Company entered into a letter of intent ("LOI") with Frontier Development (USA) Inc. ("Frontier"), an arm's length mining company, to acquire a 100% interest in certain mining claims located in California, subject to a 3% net smelter royalty. Subsequent to January 31, 2012, the LOI was terminated. See Note 6 and 11. The Company is currently seeking other investment opportunities.

These 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date, the Company has not generated any revenues and is considered to be in the exploration stage.

Management is also aware that material uncertainties exist, which could adversely affect the Company's ability to continue to finance its activities. Management's plan include continuing to pursue additional sources of financing through equity offerings, reducing overhead costs and ultimately to generate profitable operations in the future.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2 Basis of presentation

The interim financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and required publicly accountable enterprise to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these interim financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Subject to certain elections disclosed in Note 4, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at May 1, 2010 ("the transition date") and throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's reported financial results, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended April 30, 2011.

The policies applied in these interim statements are based on IFRS issued and outstanding as at the date the Board of Directors approved these financial statements. Any subsequent changes to IFRS, that are given effect in the Company's annual financial statements for the year ended April 30, 2011 could result in restatement of these interim financial statements, including the transitional adjustments recognized on change-over to IFRS.

The interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended April 30, 2011.

3 Summary of significant accounting policies

These consolidated financial statements have been prepared on the historic cost convention.

3.1 Short-term investments

Short-term investments are comprised of highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity greater than ninety days, but not more than one year, that are readily convertible to a contracted cash amount. Short-term investments are recorded at fair value with realized and unrealized losses reported in the statements of loss and comprehensive loss.

3.2 Financial instruments

The Company initially measures financial instruments at estimated fair value. The Company's loans and receivables are comprised of cash, trade receivables and are included in current assets due to their short-term nature. Financial liabilities are categorized as "other financial liabilities" consisting of accounts payable and accrued liabilities, and due to related parties.

3.2.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are recognized at the amount expected to be received less, any discount or rebate to reduce the loan and receivables to estimated fair value. Loans and receivables are subsequently measured at amortized cost using the effective interest method. Loans and receivables are included in accounts receivable and other current assets on the statement of financial position.

3.2.2 Other financial liabilities

Other financial liabilities are financial liabilities that are not quoted on an active market and with no intention of being traded. They are included in current liabilities, except for the long term debt as it has a maturity greater than 12 months after the statement of financial position date and is classified as a non-current liability. Financial liabilities include accounts payable and accrued liabilities, and due to related parties. Accounts payable are initially recognized at the amount required to be paid less any discount or rebates to reduce the payables to estimated fair value. Accounts payable are subsequently measured at amortized cost using the effective interest method.

3.3 Mineral property and deferred exploration costs

The Company records its interests in mineral properties and areas of geological interest at cost less recoveries. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production. The amounts shown for mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

3.4 Mineral property and deferred exploration costs (cont'd…)

The Company defers all exploration expenses relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the reserves available on the related property following commencement of production.

3.5 Impairment of assets

3.5.1 Financial assets

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

3.5.2 Non-financial and intangible assets

The carrying amounts of the Company's property and equipment and intangible assets having a finite useful life are assessed for impairment indicators on at least an annual basis to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or group of assets estimated fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows (a cash generating unit ("CGU")).

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but limited to the carrying that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life and goodwill are not subject to depreciation and are tested for impairment on an annual basis and when there is an indication of potential impairment.

3.6 Share Capital

The Company has one class of shares, common shares, which are classified as equity. These are recorded at the proceeds received less any direct issue costs and related taxes.

Where the Company purchases any of the Company's equity share capital, the consideration paid is deducted from equity attributable to the Company's equity holders until shares are cancelled, reissued or disposed of.

3.7 Stock options

The Company grants stock options to certain employees, directors and consultants. Stock options vest over various periods and expire after five years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

3.8 Income taxes

Current income tax represents the expected income tax payable (or recoverable) on taxable income for the period using income tax rates enacted or substantially enacted at the end of the reporting period and taking into account any adjustments arising from prior years.

The Company uses the liability method of accounting for income taxes under which deferred tax assets and liabilities are recognized when there are differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted or enacted tax rates in effect in the period in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current on the statement of financial position. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings. All items recognized directly in shareholders' equity are recognized net of tax.

3.9 Loss per share

Loss per share is computed based on the weighted average basic number of shares outstanding for the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares comprise stock options granted to employees, directors and consultants, and warrants.

3.10 Significant accounting judgments and estimation uncertainties

The preparation of the consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual area of estimates includes mineral property impairment assessment, assumptions used in the accounting for stock based compensation, valuation of future income tax benefits and contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements is included in the notes to the financial statements where applicable.

3.11 Adoption of new and revised standards and interpretation

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning May 1, 2011:

3.11.1 Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011.

3.11.2 New standard IFRS 9 "Financial Instruments"

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39, "Financial Instruments: Recognition and Measurement", and applies to the classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013.

In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of the project is expected in 2011.

3.11.3 New standard IFRS 10 "Consolidated Financial Statements"

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates in its subsidiaries. The standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

3.11.4 New standard IFRS 11 "Joint Arrangements"

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities— Non-monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

3.11.5 New standard IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

The Company has not yet assessed the impact of these standards or determined whether it will adopt the standards early.

4 First time adoption of IFRS

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the period ended July 31, 2011, the comparative information presented in these financial statements for the year ended April 30, 2011 and in the preparation of an opening IFRS balance sheet at May 1, 2010 (the Company's date of transition).

4.1 Transition elections

IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principal of retrospective restatement. The Company has taken the following exemption:

4.1.1 IFRS 2 Share based payments

The Company has elected not to apply IFRS 2 to share based payments granted and fully vested before the Company's date of transition to IFRS.

4.2 Reconciliation of equity as previously reported under Canadian GAAP to IFRS

	April 30, 2011			January 31, 2011		
	Cdn GAAP	Adj	IFRS	Cdn GAAP	Adj	IFRS
ASSETS						
Current						
Cash	4,591	-	4,591	11,896	-	11,896
Short-term investments	120,000	-	120,000	135,000	-	135,000
Receivables	5,200	-	5,200	7,960	-	7,960
	129,791	-	129,791	154,856	-	154,856
TOTAL ASSETS	129,791	-	129,791	154,856	-	154,856
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current						
Accounts payable and accrued liabilities	16,411	-	16,411	21,769	-	21,769
Due to related parties	4,000	-	4,000	-	-	-
	20,411	-	20,411	21,769	-	21,769
Shareholders' equity						
Share capital	1,289,661	-	1,289,661	1,289,661	-	1,289,661
Contributed surplus	333,511	-	333,511	333,511	-	333,511
Other comprehensive income	-	-	-	-	-	-
Accumulated deficit	(1,513,792)	-	(1,513,792)	(1,490,085)	-	(1,490,085)
Total shareholders' equity	109,380	-	109,380	133,087	-	133,087
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	129,791	-	129,791	154,856	-	154,856

4.3 Reconciliation of comprehensive income as previously reported under Canadian GAAP to IFRS

	Nine months ended January 31, 2011		
	Cdn GAAP	Adj	IFRS
EXPENSES			
Consulting fees	32,825	-	32,825
Office and miscellaneous	2,322	-	2,322
Professional fees	33,204	-	33,204
Property investigation costs	94,316	-	94,316
Shareholder communications	4,068	-	4,068
Transfer agent and regulatory fees	7,101	-	7,101
	(173,836)	-	(173,836)
OTHER INCOME (EXPENSE)			
Interest income	1,644	-	1,644
(Loss) gain for the period	**$ (172,192)**	**-**	**$ (172,192)**
Other comprehensive (loss) income			
Cumulative translation adjustment	-	-	-
Comprehensive (loss) income for the period	**$ (172,192)**	**$ -**	**$ (172,192)**

4.3.1 Share-based payments

Under IFRS, the Company accrues the cost of employee stock options over the vesting period using the graded method of amortization rather than the straight-line method, which was the Company's policy under Canadian GAAP. There was no impact for the nine months ended January 31, 2012 or the year ended April 30, 2010.

5 Short term investments

At January 31, 2012, the Company's short term investment consisted of a one year guaranteed investment certificate in the amount of $65,000 invested at the bank prime rate less 2.05% (April 30, 2010 – $120,000 invested at prime less 1.85%), which is redeemable, in whole or in part, at anytime.

6 Commitment

Pursuant to the LOI, the transaction was to be completed through the following consideration by the Company:

- Payment of US$4,000,000; and
- Issuance of the number of common shares of the Company such that is equivalent to US$8,000,000, which will be calculated using the issue price of a private placement financing to be completed on or before the closing of the transaction. All of the common shares issued for payment will be subject to escrow requirements imposed by the TSX Ventures Exchange ("TSX-V").

7 Commitment (cont'd…)

The transaction was to constitute a reverse take-over; however, subsequent to January 31, 2012 the transaction was terminated. See Notes 1 and 11.

During the year ended April 30, 2011, the Company incurred $94,449 on due diligence relating to the acquisition, which have been expensed as project investigation costs. No further costs were incurred during fiscal 2012.

8 Share capital

Authorized: Unlimited number of common shares, without par value

The following is a description of the issued share capital:

	Number of shares	Amount
Issued:		
Balance at April 30, 2011 and 2010	12,030,000	$ 1,289,661
Balance at January 31, 2012	**12,030,000**	**$ 1,289,661**

8.1 Warrants

At January 31, 2012 and April 30, 2011 the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	April 30, 2011	April 30, 2010
August 10, 2012	$ 0.10	4,530,000	4,530,000
August 10, 2012	$ 0.33	770,000	770,000
		5,300,000	5,300,000

On August 13, 2009, the Company received approval from the TSX-V to amend the terms of share purchase warrants which were set to expire on August 10, 2009 as follows:

- a total of 4,530,000 share purchase warrants repriced from $0.33 to $0.10 and extended by a period of three years, until August 10, 2012; and
- a further 770,000 share purchase warrants extended by a period of three years, until August 10, 2012.

The 4,530,000 amended share purchase warrants are subject to reduced exercise provisions, pursuant to the policies of the TSX-V, whereby if the closing price for the Company's shares is $0.133 or greater for a period of ten consecutive trading days, the warrant holders will have 30 days to exercise their warrants, otherwise the warrants will expire. To January 31, 2012, the reduced exercise provisions have not been put into effect.

The weighted average exercise price of warrants outstanding as of January 31, 2012 is $0.13 (April 30, 2011 - $0.13) and weighted average remaining life is 0.53 years (April 30, 2011 – 1.28 years).

8.2 Stock options

The Company has adopted a stock option plan (the "Plan"), whereby it may grant options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

A summary of the Company's stock options is presented below:

	January 31, 2012			April 30, 2011		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Opening balance	606,500	$	0.20	606,500	$	0.20
Ending balance	606,500	$	0.20	606,500	$	0.20
Options exercisable	**606,500**	**$**	**0.20**	**606,500**	**$**	**0.20**

All stock options have exercise prices that are higher or equal to market prices at the date of grant.

The Company expenses the fair value of all stock-based compensation awards determined using the Black-Scholes option pricing model. The valuation of stock options is dependent on the volatility of the market in the underlying security. 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 estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

Weighted Average Exercise Price	**Expiry Date**	**Number Outstanding**	**Number Exercisable**	**Weighted Average Remaining Contractual Life**
$ 0.20	August 24, 2011	276,000	276,000	0.35 years
0.20	September 17, 2012	330,000	330,000	0.35 years
$ 0.20		**606,500**	**606,500**	**0.35 years**

9 Related party transactions

During the period ended January 31, 2012, the Company paid or accrued:

(a) $21,592 (2011 - $17,741) for legal fees to a firm of which a director of the Company is a partner; and,

(b) $34,200 (2011 - $32,825) for consulting services provided by directors and a company controlled by a director of the Company.

At January 31, 2012, amounts due to related parties totaled $3,500 (April 30, 2011 - $4,000) for consulting services. Amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment. The fair value of amounts due to related parties is not determinable as they have no specified repayment terms.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10 Financial risk factors

The Company's financial instruments are exposed to certain financial risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

10.1 Credit and Interest rate risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with a major bank in Canada. As all of the Company's cash is held by one bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk relates to its ability to maintain the current rate of interest on its short-term investment. The fair value of the Company's short-term investments is relatively unaffected by changes in interest rates.

10.2 Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, dispositions of assets and accessing financing through private placements. The exposure of the Company to liquidity risk is considered to be high.

10.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company is not subject to currency risk as the functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk.

10.4 Management of industry risk

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

10.5 Fair value

The Company's financial assets and liabilities consist of cash, short-term investments, amounts receivable, prepaid expenses, accounts payable and accrued liabilities and due to related parties. The estimated fair values of cash, amounts receivable, accounts payable and accrued liabilities and due to related parties approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy. 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; and
- Level 3 – Inputs that are not based on observable market data.

There were no transfers between levels during fiscal 2012.

11 Subsequent Events

On February 23, 2012, the Company terminated the non-binding letter of intent with Frontier, dated August 10, 2010, whereby it contemplated acquiring 100 per cent of Frontier's leasehold interest in a number of gold/silver contiguous unpatented lode mining claims and four patented mining claims in the state of California. The transaction, had it completed, would have constituted a reverse take-over under the policies of the TSX Venture Exchange.