

BROOKEMONT CAPITAL INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2011

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying interim consolidated financial statements of Brookemont Capital Inc. for the three and six months ended January 31, 2011 and 2010 have not been reviewed or audited by the corporation's auditors.

BROOKEMONT CAPITAL INC.
INTERIM CONSOLIDATED BALANCE SHEETS
January 31, 2011 and July 31, 2010

	<u>ASSETS</u>	January 31, <u>2011</u> (Unaudited)	July 31, <u>2010</u> (Audited)
Current			
Cash and cash equivalents		\$ 592,572	\$ 274,976
GST/HST receivable		22,479	2,079
Prepaid expenses and deposits		7,421	333
		622,472	277,388
Equipment – Note 3		4,139	4,599
Mineral properties – Notes 4 and 5		4,063,049	1,732,526
		\$ 4,689,660	\$ 2,014,513

LIABILITIES

Current			
Accounts payable and accrued liabilities – Note 7		\$ 386,153	\$ 53,552
Interest payable		2,230	-
Loans payable – Note 8		235,000	-
		623,383	53,552
Future income tax liability		313,300	313,300
		936,683	366,852

SHAREHOLDERS' EQUITY (DEFICIENCY)

Share capital – Note 6		6,146,436	3,350,847
Contributed surplus – Note 6		261,282	400,831
Deficit		(2,654,741)	(2,104,017)
		3,752,977	1,647,661
		\$ 4,689,660	\$ 2,014,513

Nature of Operations and Ability to Continue as a Going Concern – Note 2
 Commitments – Notes 5, 6 and 12
 Subsequent Events – Notes 5, 6 and 11

APPROVED ON BEHALF OF THE BOARD:

 “Conrad Clemiss” Director
 Conrad Clemiss

 “ Daniel Terrett” Director
 Daniel Terrett

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

BROOKEMONT CAPITAL INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the three and six months ended January 31, 2011 and 2010
(Unaudited)

	Three months ended January 31,		Six months ended January 31,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Oil and gas revenues	\$ -	\$ 5,504	\$ -	\$ 68,022
Expenses				
Accretion of asset retirement obligation	-	4,320	-	17,278
Amortization expense	230	90	460	154
Consulting fees	86,978	50,250	143,366	71,300
Depletion of oil and gas properties	-	3,409	-	23,458
Finance fees – Note 8	149,423	-	149,423	-
Interest and service charges	131	106	423	589
Management and directors’ fees – Note 7	40,125	45,750	80,459	95,300
Office and miscellaneous	8,432	9,329	20,217	14,340
Oil and gas operating costs	-	14,901	-	81,585
Professional fees	7,405	23,553	13,682	46,218
Shareholder information	8,820	499	19,413	7,066
Stock-based compensation – Note 6	65,895	-	100,002	136,049
Transfer agent and filing fees	13,616	6,160	19,121	17,028
Travel and promotion	415	1,763	3,284	1,763
	381,470	160,130	549,850	512,128
Loss for the period before other items	(381,470)	(154,626)	(549,850)	(444,106)
Other items:				
Interest income	891	33	1,356	210
Interest expense	(2,230)	-	(2,230)	-
Gain on sale of oil and gas properties	-	1,039,960	-	1,039,960
Net earnings (loss) for the period	(382,809)	885,367	(550,724)	596,064
Deficit, beginning of the period	(2,271,932)	(2,688,308)	(2,104,017)	(2,399,005)
Deficit, end of the period	\$ (2,654,741)	\$ (1,802,941)	\$ (2,654,741)	\$ (1,802,941)
Basic and diluted earnings (loss) per share	\$ (0.01)	\$ 0.04	\$ (0.02)	\$ 0.03
Weighted average number of shares outstanding	33,795,073	23,637,404	31,075,249	20,137,776

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

BROOKEMONT CAPITAL INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and six months ended January 31, 2011 and 2010
(Unaudited)

	Three months ended January 31,		Six months ended January 31,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating Activities				
Net earnings (loss) for the period	\$ (382,809)	\$ 885,367	\$ (550,724)	\$ 596,064
Add items not affecting cash:				
Accretion expense	-	4,320	-	17,278
Amortization expense	230	90	460	154
Depletion of oil and gas properties	-	3,409	-	23,458
Finance fees	149,423	-	149,423	-
Gain on sale of oil and gas properties	-	(1,039,960)	-	(1,039,960)
Stock-based compensation	65,895	-	100,002	136,049
	(167,261)	(146,774)	(300,839)	(266,957)
Changes in non-cash working capital items:				
GST/HST recoverable	(6,758)	(1,779)	(20,400)	(5,456)
Interest payable	2,230	-	2,230	-
Prepaid expenses and deposits	(3,220)	(3,097)	(7,088)	(5,138)
Accounts payable and accrued liabilities	189,816	(79,970)	179,087	(67,879)
Cash provided (used) by operating activities	14,807	(231,620)	(147,010)	(345,430)
Investing Activities				
Acquisition of equipment	-	(641)	-	(988)
Acquisition and development of mineral properties	(202,973)	(28,634)	(315,977)	(187,702)
Proceeds on sale of oil and gas properties	-	575,000	-	575,000
Cash provided (used) by investing activities	(202,973)	545,725	(315,977)	386,310
Financing Activities				
Proceeds from issuance of share capital	383,001	-	545,583	519,823
Share issue costs	-	-	-	(10,750)
Loans payable	235,000	-	235,000	-
Cash provided by financing activities	618,001	-	780,583	509,073
Increase in cash during the period	429,835	314,105	317,596	549,953
Cash, beginning of the period	162,737	265,936	274,976	30,088
Cash, end of the period	\$ 592,572	\$ 580,041	\$ 592,572	\$ 580,041
Supplemental disclosure of cash flow information:				
Cash paid for:				
Income taxes	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents represented by:				
Cash	\$ 592,572	\$ 50,041	\$ 592,572	\$ 50,041
Term deposit	-	530,000	-	530,000
	\$ 592,572	\$ 580,041	\$ 592,572	\$ 580,041

Non-cash transactions – Note 10

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

BROOKEMONT CAPITAL INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2011 and 2010
(Unaudited)

Note 1 Interim Financial Statements

While the information presented in these interim financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period presented. These interim financial statements follow the same accounting policies and methods of their application as the Company's July 31, 2010 financial statements. It is suggested that these interim financial statements be read in conjunction with the Company's annual July 31, 2010 audited financial statements.

Note 2 Nature of Operations and Ability to Continue as a Going Concern

The Company was incorporated on March 28, 2007 under the Business Corporations Act of British Columbia. The Company's common shares are listed for trading on the TSX Venture Exchange. At January 31, 2010, the Company's principal mineral properties are located in Canada and Tanzania.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At January 31, 2011, the Company had not yet achieved profitable operations, has accumulated losses of \$2,654,741 since its inception and expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

Note 3 Equipment

	January 31, <u>2011</u>	July 31, <u>2010</u>
Cost	\$ 5,219	\$ 5,219
Accumulated amortization	<u>1,080</u>	<u>620</u>
Net book value	<u>\$ 4,139</u>	<u>\$ 4,599</u>

Note 4 Acquisition of Subsidiary

On August 28, 2009, the Company completed the acquisition of all of the outstanding shares of 0854508 BC Ltd., a private British Columbia company (“BC Co”). Consideration consisted of 5,000,000 Brookemont common shares and \$150,000 in cash. The Company also incurred \$6,661 in legal expenses and the issue of 482,142 common shares for finders’ fees. The assets of BC Co consist of a 100% interest in 96 mineral claims prospective for lithium covering an area of approximately 1,536 hectares, located in Northern Ontario, and 95 quartz mineral claims covering an area of approximately 1,957 hectares, located in the Yukon Territory.

The transaction has been accounted for as an asset acquisition using the purchase method. The purchase price allocation is as follows:

Net assets acquired:	
Mineral properties	\$ 1,292,282
Future income tax liability	<u>(313,300)</u>
	<u>\$ 978,982</u>
Consideration:	
Cash	\$ 150,000
Common shares – 5,482,142 shares valued at \$0.15 per share	822,321
Legal fees	<u>6,661</u>
	<u>\$ 978,982</u>

The value of the shares was determined by their market value when the shares were issued.

Brookemont Capital Inc.
Notes to the Interim Consolidated Financial Statements
January 31, 2011 and 2010
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Note 5 Mineral Properties

Six months ended January 31, 2011:

	Canada					Tanzania		Total
	Ontario Lithium Claims	Yukon Quartz Claims	BC Cariboo Gold	BC Stewart Gold	Quebec Rare Earth	Handeni Gold		
Acquisition costs, beginning balance	\$ 387,685	\$ 904,597	\$ -	\$ 266,000	\$ 163,245	\$ -	\$ 1,721,527	
Cash	-	-	15,000	-	-	276,138	291,138	
Filing fees	-	-	-	-	-	9,400	9,400	
Legal fees	-	-	-	-	-	9,299	9,299	
Shares	-	-	1,146,032	115,000	-	600,000	1,861,032	
Acquisition costs, ending balance	387,685	904,597	1,161,032	381,000	163,245	894,837	3,892,396	
Deferred exploration costs								
Claim maintenance costs	-	-	-	12,922	-	-	12,922	
Initial exploration expenses	-	-	-	-	-	138,514	138,514	
Sampling	-	7,718	-	-	-	-	7,718	
Misc	-	-	-	500	-	-	500	
	-	7,718	-	13,422	-	138,514	159,654	
Deferred exploration expenditures, beginning balance	-	10,999	-	-	-	-	10,999	
Deferred exploration expenditures, ending balance	-	18,717	-	13,422	-	138,514	170,653	
Total	\$ 387,685	\$ 923,314	\$ 1,161,032	\$ 394,422	\$ 163,245	\$ 1,033,351	\$ 4,063,049	

Note 5 Mineral Properties – (cont'd)

Ontario Lithium Claims and Yukon Quartz Claims

As disclosed in Note 4, the Company acquired a 100% interest in 96 mineral claims covering an area of approximately 1,536 hectares, located in Northern Ontario, and 95 quartz mineral claims covering an area of approximately 1,957 hectares, located in the Yukon Territory. The Company allocated 30% of the acquisition costs to the Ontario Lithium Claims and 70% of the acquisition costs to the Yukon Quartz Claims.

As at January 31, 2011, the Company has spent a total of \$18,717 in exploration expenditures on the Yukon Quartz Claims.

Property Purchase Agreement – British Columbia Cariboo Gold Prospect

By an agreement dated December 31, 2010, the Company entered into a property purchase agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in 15 mineral claims covering an area of approximately 7,290 hectares, located within the Cariboo Gold Region, British Columbia. In consideration, the Company paid \$15,000 (paid subsequently) and issued 3,000,000 common shares to the Vendor. In addition, the Company also issued 228,260 common shares as finder's fee.

Option Agreement – British Columbia Stewart Gold Prospect

By an agreement dated October 2, 2009, the Company entered into an option agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in six contiguous claim blocks consisting of 2,706 hectares in the Stewart Mining Region of British Columbia. On November 3, 2010, the Company amended the option agreement with the Vendor. The Company agreed to issue 1,000,000 common shares and the Vendor waived the work commitment of \$250,000 for the first year of the agreement. The amended option agreement has received regulatory approval. The property is subject to a 3% net smelter royalty, 1% of which may be purchased by the Company for \$1,000,000. Consideration is cash payments, exploration costs and the issue of common shares as follows:

	<u>Cash</u>	<u>Exploration Costs</u>	<u>Common Shares</u>
Upon Exchange approval (paid and issued)	\$ 25,000	\$ -	1,200,000
By November 3, 2010 (paid and issued)	25,000	-	1,200,000
By February 3, 2011 (issued)	-	-	1,000,000
By November 3, 2011	-	250,000	-
	<u>\$ 50,000</u>	<u>\$ 250,000</u>	<u>3,400,000</u>

Option Agreement – Quebec Rare Earth Prospect

On June 2, 2010, the Company entered into an option agreement with an arm's length vendor to acquire a 100% interest in 31 contiguous mineral claims in Quebec. Consideration is cash payments, exploration costs, and the issue common shares as follows:

Note 5 Mineral Properties – (cont'd)

Option Agreement – Quebec Rare Earth Prospect – (cont'd)

	<u>Cash</u>	<u>Common Shares</u>	<u>Exploration Costs</u>
Upon Exchange approval (paid and issued)	\$ 17,500	2,000,000	\$ -
By June 17, 2011	-	-	150,000
By June 17, 2012	-	-	150,000
By June 17, 2013	-	-	150,000
By June 17, 2014	-	-	400,000
	<u>\$ 17,500</u>	<u>2,000,000</u>	<u>\$ 850,000</u>

In addition, the Company issued 195,000 common shares as a finder's fee.

Option Agreement – Handeni Gold, Tanzania

On September 3, 2010, the Company entered into a letter agreement with an arm's length vendor to acquire an 80% interest in a 63.4 square kilometre gold property located in the Handeni Region of Tanzania. Consideration is cash payments, exploration costs and the issue of common shares as follows:

	<u>Cash</u>	<u>Exploration Costs</u>	<u>Common Shares</u>
Upon execution of the letter agreement (paid)	US\$ 75,000	US\$ -	-
Upon closing date (issued subsequently)	-	-	3,000,000
Upon closing date (paid subsequently)	200,000	-	-
On or before January 31, 2012	-	350,000	-
On or before February 29, 2012	350,000	-	3,000,000
On or before January 31, 2013	-	500,000	3,000,000
	<u>US\$ 625,000</u>	<u>US\$ 850,000</u>	<u>9,000,000</u>

The Company will be able to acquire the remaining 20% interest by further payments of US\$4,500,000 and the issuance of 3,000,000 common shares. This additional 20% interest will be subject to a 2% net smelter return and the foregoing payments for this interest may be made over a period of up to three years.

Subsequently, the Company paid a finder's fee to an arm's length party of \$59,325, and the Company will pay a finder's fee of \$71,875 in the second year following the closing date in connection with the transaction.

As at January 31, 2011, the Company has spent a total of \$138,514 in exploration expenditures on this property.

Note 6 Share Capital

a) Authorized:

Unlimited common shares without par value

b) Issued:

		<u>Number of Shares</u>	<u>Share Capital</u>	<u>Contributed Surplus</u>
Balance, July 31, 2010		26,575,882	\$ 3,350,847	\$ 400,831
For cash:				
- pursuant to exercise of options	- at \$0.10	1,446,334	144,633	-
	- at \$0.11	262,500	28,875	-
	- at \$0.21	57,500	12,075	-
- pursuant to exercise of warrants	- at \$0.15	2,400,000	360,000	-
For resource properties	- at \$0.115	1,000,000	115,000	-
	- at \$0.20	3,000,000	600,000	-
	- at \$0.355	3,228,260	1,146,032	-
For finance fees	- at \$0.185	807,692	149,423	-
Transfer of contributed surplus on exercise of options		-	239,551	(239,551)
Stock-based compensation		-	-	<u>100,002</u>
Balance, January 31, 2011		<u>38,778,168</u>	<u>\$ 6,146,436</u>	<u>\$ 261,282</u>

c) Escrow Shares:

As of January 31, 2011, 600,000 (July 31, 2010: 900,000) shares were held in escrow. The remaining shares will be released in amounts of 300,000 on March 3, 2011 and September 3, 2011.

d) Commitments:

Share Purchase Warrants:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, July 31, 2010	9,993,000	\$0.30
Exercised	(2,400,000)	\$0.15
Expired	(4,993,000)	\$0.45
Balance, January 31, 2011	<u>2,600,000</u>	<u>\$0.15</u>

At January 31, 2011, the Company had 2,600,000 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Note 6 Share Capital – (cont'd)

d) Commitments: – (cont'd)

Share Purchase Warrants – (cont'd)

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
<u>2,600,000</u>	\$0.15	September 25, 2011

Stock Option Plan:

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the fair market value of the Company’s common shares at the date the options are granted. Options granted under the Plan have a maximum life of five years. The options generally vest on the date of grant, however, the board of directors may specify a vesting period on a grant-by-grant basis. Also, pursuant to Exchange policies, the Company granted stock options for donation to a charity. These options have a maximum life of 10 years and vest when granted. Information regarding the Company’s outstanding share purchase options is summarized below:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, July 31, 2010	2,637,000	\$0.10
Granted	2,968,538	\$0.21
Exercised	(1,766,334)	\$0.11
Expired	(525,000)	\$0.20
Forfeited	<u>(100,000)</u>	<u>\$0.13</u>
Balance, January 31, 2011	<u>3,214,204</u>	<u>\$0.18</u>

The weighted average contractual life remaining of all stock options is 1.20 years.

At January 31, 2011, 3,214,204 share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Note 6 Share Capital – (cont'd)

d) Commitments: – (cont'd)

Stock Option Plan: – (cont'd)

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,124,038	\$0.21	March 14, 2011
927,000	\$0.22	April 28, 2011
215,000	\$0.22	July 4, 2011
133,333	\$0.10	October 11, 2012
143,333	\$0.10	April 1, 2014
187,500	\$0.11	September 8, 2014
306,000	\$0.10	October 9, 2014
120,000	\$0.13	August 31, 2015
58,000	\$0.10	October 11, 2017
<u>3,214,204</u>		

During the six months ended January 31, 2011, stock-based compensation expense of \$100,002 (2009: \$136,049) was recorded. The fair value of the stock based compensation expense has been determined using the Black-Scholes option pricing model with the following assumptions:

	<u>January 31, 2011</u>	<u>January 31, 2010</u>
Expected dividend yield	0.0%	0.0%
Expected volatility	65.6 – 216.5%	187.5 – 194.1%
Risk-free interest rate	1.49 – 2.05%	2.63 – 2.86%
Expected term in years	0.25 – 5 years	5 years

Note 7 Related Party Transactions

- a) The Company incurred the following expenses charged by directors and private companies controlled by common directors:

	<u>Six months ended January 31,</u>	
	<u>2011</u>	<u>2010</u>
Management and directors' fees	<u>\$ 80,459</u>	<u>\$ 95,300</u>

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

- b) As at January 31, 2011, accounts payable and accrued liabilities includes \$1,777 (July 31, 2010 - \$249) payable to two directors and to a public company with a director in common.

Note 8 Capital Disclosures

The Company manages its capital, consisting of the items included in shareholders' equity totalling \$3,752,977, in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital are:

- a) to safeguard the Company's ability to continue as a going concern;
- b) to facilitate the funding of exploration costs.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, issue new debt and acquire or dispose of assets. During the six months ended January 31, 2011, three arm's length lenders made unsecured loans to the Company of \$525,000 bearing 5% interest per annum. As consideration, the Company issued 807,692 common shares valued at \$149,423 as finance fees (see Note 6). As at January 31, 2011, \$235,000 has not been repaid yet.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.

Note 9 Financial Instruments

The carrying value of the Company's financial instruments approximates their fair values due to their short term maturity.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rate. As at January 31, 2011, the Company has a minimal exposure to the US\$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at January 31, 2011 the Company is not exposed to any significant credit risk.

Note 9 Financial Instruments – (cont'd)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest income on cash and cash equivalents. As at January 31, 2011, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liability. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. Additional capital was successfully obtained during the six months ended January 31, 2011 to increase liquidity. See Note 6 to the financial statements for additional details.

Note 10 Non-cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transaction was excluded from the statements of cash flows:

Six months ended January 31, 2011:

- a) Pursuant to exercise of stock options, \$239,551 was transferred to share capital from contributed surplus.
- b) The Company issued 3,228,260 common shares valued at \$1,146,032 pursuant to the BC Cariboo Gold Prospect option agreement (Note 5). This value was the quoted market value at the date of share issuance.
- c) The Company issued 1,000,000 common shares valued at \$115,000 pursuant to the BC Stewart Gold Prospect option agreement (Note 5). This value was the quoted market value at the date of share issuance.
- d) The Company issued 3,000,000 common shares valued at \$600,000 pursuant to the Tanzania Handeni Gold option agreement (Note 5). This value was the quoted market value at the closing date of the option agreement.

Note 11 Subsequent Events

Subsequent to January 31, 2011,

- a) 300,000 shares were released from escrow. The remaining 300,000 shares will be released on September 3, 2011.

Note 11 Subsequent Events – (cont'd)

- b) The Company issued 818,000 common shares pursuant to 50,000 share purchase options exercised at \$0.11 per share and 768,000 share purchase options exercised at \$0.21 per share.

356,038 share purchase options exercisable at a price of \$0.21 per share expired.

- c) The Company issued 550,000 common shares at \$0.15 per share for 550,000 share purchase warrants exercised.
- d) The Company dissolved its 100% owned subsidiary, 0854508 B.C. Ltd., a private British Columbia company (“BC Co”). The assets of BC Co were transferred to the Company before its dissolution.

Note 12 Commitment

During the year ended July 31, 2009, the Company entered into a license agreement for office premises for a period ending July 31, 2011. Amounts due under the lease terms are as follows:

	<u>Amounts</u>
July 31, 2011	\$ <u>6,866</u>

Note 13 Comparative Figures

Certain of the comparative figures for the three and six months ended January 31, 2010 have been reclassified to conform with the presentation used in the current year.