Independent Auditors' Report

To the Stakeholders of Josephine Mining Corp.:

We have audited the accompanying financial statements of Josephine Mining Corp, which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of operations and deficit, stockholder's equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Josephine Mining Corp. as at December 31, 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.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that Josephine Mining Corp. has a net loss and comprehensive loss for the period of $482,473, accumulated losses of $999,086 and negative cash flows from operations, before the net change in non-cash working capital items, of $505,520. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Corporation's ability to continue as a going concern.

MNP LLP

June 26, 2011
Calgary, Alberta

Chartered Accountants

JOSEPHINE MINING CORP.
BALANCE SHEETS
(Stated in U.S. dollars)

		December 31, 2010		December 31, 2009
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	16,020	$	37,040
Prepaid expenses		11,445		11,217
Total Current Assets		27,465		48,257
PROPERTY				
Property purchase option (Note 4)		1,129,647		703,778
DEPOSITS		17,500		17,500
TOTAL ASSETS	$	1,174,612	$	769,535
LIABILITIES AND STOCKHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	$	314,253	$	43,997
Accrued expenses		15,000		-
Accrued expenses-related party (Note 5)		203,732		71,185
Total Current Liabilities		532,985		115,182
STOCKHOLDER'S EQUITY				
Share capital (Note 8)		210,010		210,010
Contributed surplus (Note 8)		1,386,078		916,331
Warrants (Note 8)		44,625		44,625
Accumulated deficit		(999,086)		(516,613)
Total Stockholder's Equity		641,627		654,353
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	1,174,612	$	769,535
GOING CONCERN (Note 2)		-		-
COMMITMENTS (Note 6)		-		-
SUBSEQUENT EVENTS (Note 11)		-		-

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

JOSEPHINE MINING CORP.
STATEMENT OF OPERATIONS AND DEFICIT
(Stated in U.S. dollars)

		For the year ended December 31, 2010		For the seven month period ended December 31, 2009
REVENUES	$	-	$	-
OPERATING EXPENSES				
Exploration expenses		250,373		470,450
General and administrative		232,100		61,038
TOTAL OPERATING EXPENSES		482,473		531,488
NET LOSS BEFORE TAXES		(482,473)		(531,488)
INCOME TAXES (Note 7)				
Tax Recovery		-		14,875
NET LOSS	$	(482,473)	$	(516,613)
DEFICIT, BEGINNING OF PERIOD		(516,613)		-
DEFICIT, END OF PERIOD	$	(999,086)	$	(516,613)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	$	(0.05)	$	(0.05)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED		10,500,010		10,285,724

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

JOSEPHINE MINING CORP.
STATEMENT OF STOCKHOLDER'S EQUITY
(Stated in U.S. dollars)

	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Total
Initial capitalization on June 18, 2009	$ 10	$ -	$ -	$ -	$ 10
Common stock & warrants issued for finder's agreement on June 22, 2009	210,000	44,625	-	-	254,625
Contributed capital	-	-	916,331	-	916,331
Net loss	-	-	-	(516,613)	(516,613)
Balance, December 31, 2009	$ 210,010	$ 44,625	$ 916,331	$ (516,613)	$ 654,353
Contributed capital	-	-	469,747	-	469,747
Net loss	-	-	-	(482,473)	(482,473)
Balance, December 31, 2010	$ 210,010	$ 44,625	$ 1,386,078	$ (999,086)	$ 641,627

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

JOSEPHINE MINING CORP.
STATEMENT OF CASH FLOWS
(Stated in U.S. dollars)

	For the year ended December 31, 2010	For the seven month period ended December 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (482,473)	$ (516,613)
Non-cash compensation	141,747	386,331
Non-cash tax recovery	-	(14,875)
Changes in assets and liabilities:		
Increase in prepaid expenses	(228)	(11,216)
Increase in accrued expenses	15,000	-
Increase in accrued expenses-related party	132,547	71,184
Increase in accounts payable	270,256	43,997
Net cash provided (used) by operating activities	76,849	(41,192)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments on deposits	-	(17,500)
Cash paid for mineral property	(425,869)	(434,278)
Net cash used by investing activities	(425,869)	(451,778)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	-	10
Cash received as contributed capital	328,000	530,000
Net cash provided by financing activities	328,000	530,010
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,020)	37,040
Cash, beginning of period	37,040	-
Cash, end of period	$ 16,020	$ 37,040

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

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Josephine Mining Corp. (hereinafter “Josephine” or “the Company”) was incorporated on June 18, 2009 under the laws of British Columbia, Canada. The Company is registered to do business in the State of Oregon, USA, for the purpose of exploring and mining in Josephine County, OR. The Company is an exploration company and is ultimately wholly owned by Russell Mining and Minerals, Inc., (“RMMI”) through RMMI’s other wholly owned subsidiaries JMC-HCV Holdings Ltd (“JMC-HCV”) and Bellus Finance Inc. (“Bellus”).

To date the Company has received no revenues and is currently focusing its efforts on the development and exploration of its mineral properties, and as such it is classified as an exploration stage company.

The presentation and functional currency of the Company is the U.S. Dollar. Any reference to the Canadian Dollar is represented with CDN$.

The Company has adopted a year end of December 31.

NOTE 2 - GOING CONCERN

These financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company has had no revenues, has incurred an accumulated loss of $999,086 through December 31, 2010 and has negative working capital.

These factors raise doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the ability to obtain necessary financing to complete development and fund operations and future production and the discovery of economically recoverable mineral reserves or continued financing from the parent company. Management is actively targeting sources of additional financing and while the Company has been successful in raising funds in the past, there can be no assurance that it will be able to do so in the future.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company’s financial statements, which have prepared by management in accordance with accounting principles generally accepted in Canada.

Cash and cash equivalents
The Company considers cash, certificates of deposit, and debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Property

The Company records its interests in the mineral property option at cost. Exploration expenditures relating to this interest are capitalized until the property to which it relates to is placed into production, sold or abandoned. General exploration costs are expensed in the period in which they are incurred. Capitalized expenditures will be amortized over the estimated useful life of the related property using the unit-of-production basis following commencement of production, or written-off if the mineral property is sold or abandoned. General exploration expenditures are expensed as incurred.

The amounts shown for mineral properties represent costs to date, and do not necessarily represent future values as they are entirely dependent upon the economic recoverability of reserves.

The Company reviews capitalized costs on its mineral properties on a periodic basis and will recognize impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future probability of profitable revenues from the property or from sale of the property. Management's assessment of the property's estimated current fair market value is also based upon management's review of other property transactions that have occurred in the same geographic area as its property.

The Company does not accrue the estimated future costs of maintaining its mineral property in good standing.

Stock-based compensation

The fair value of each stock option granted is estimated on grant dates using the Black Scholes option pricing model. The associated compensation expense is charged to loss with a corresponding increase in contributed surplus, over the vesting period of the grant. As the options are exercised, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed. In the event that unvested options are cancelled, previously recognized compensation expense associated with such stock options is reversed.

Provision for Taxes

Income taxes are provided based upon the assets and liability method of accounting. Under this method, future income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end and are measured using substantively enacted rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recorded against future tax assets if management does not believe it is more likely than not that future benefits will ultimately be realized.

Comprehensive loss

Comprehensive loss includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive loss is the total of net loss and other comprehensive loss. Other comprehensive loss comprises revenues, expenses, gains and losses that in accordance with generally accepted accounting principles, require recognition, but are excluded from net loss. The Company does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the period. Net loss for the period is equivalent to comprehensive loss for the period.

Loss per Share

Basic loss per share is calculated based on the weighted average number of common shares outstanding. Diluted loss per share assumes exercise of stock warrants, provided the effect is not antidilutive. As the financial statements reflect net losses from operations, all of our warrants have an anti-dilutive effect on per common share amounts. The treasury stock method is used to determine the dilutive effect of warrants and options, whereby any proceeds from the exercise of warrants or other dilutive instruments are assumed to purchase common shares at the average market price during the period.

Financial Instruments

Section 3855 of the CICA Handbook requires the initial measurement of all financial instruments at fair value with classification into one of five categories; loans and receivables; assets held to maturity; assets available for sale; other financial liabilities; and held for trading.

Financial instruments that are classified as held-for-trading or available-for-sale are re-measured each reporting period at fair value with the resulting gain or loss recognized immediately as net income and other comprehensive income, respectively. All other financial instruments are initially accounted for at fair value and subsequently measured at amortized cost using the effective interest rate method with foreign exchange gain and losses recognized immediately as net income.

Section 3862, Financial Instruments – Disclosures, requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels (Note 9).

The Company has no derivatives or embedded derivatives in other financial instruments as of December 31, 2010 or 2009.

Fair Value of Financial Instruments

The Company's financial instruments include cash, accounts payable and accrued expenses and accrued expenses – related party. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at December 31, 2010 and 2009 (Note 9).

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in Canada require the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the determination of impairment of the property purchase option and valuation of warrants. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions and could have a material effect on the reported amounts of the Company's financial position and results of operations. As adjustments become necessary, they are reported in earnings in the period in which they become known.

Recent Accounting Pronouncements

The following is a list of CICA accounting standards that have been issued but are not yet effective:

In January 2006, the CICA adopted a strategic plan for the direction of accounting standards in Canada. Accounting standards for public companies in Canada are to converge with International Financial Reporting Standards ("IFRS") by 2011. On April 7, 2008, the Accounting Standards Board issued its exposure draft proposing to incorporate IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011 with earlier adoption permitted.

As of the date these financial statements, management completed an assessment of the impacts of the transition from Canadian Generally Accepted Accounting Principles to IFRS. Based on this assessment, the following potentially high impact areas were identified:

- IAS-12: Income Taxes
- IAS-21: The Effects of Changes in Foreign Exchange Rates
- IAS-36: Impairment of Assets
- IFRS-1: First Time Adoption of IFRS
- IFRS-2: Share Based Payment
- IFRS-6: Exploration for and Evaluation of Mineral Resources

There were no revisions to the historical financial statements required as a result of the transition to IFRS.

NOTE 4 - PROPERTY PURCHASE OPTION

On June 26, 2009 the Company entered into an "Option to Purchase Agreement" (the "Agreement") for land, patented and unpatented mining claims in Josephine County, Oregon, USA, (the "Turner Gold Property"). The Agreement gives the Company the exclusive option to purchase the Turner Gold Property for a period of eighteen (18) months. The Company made an initial payment of $100,000. The Company may extend the Option term for an additional twelve months by making an additional payment of $300,000 on December 26, 2010, increasing the option term to thirty (30) months. The total purchase price of the property is $2 million dollars, and all payments made on the Option terms apply to the final purchase price. In the event the Company extends the option, the remaining $1,600,000 is due in full upon the earlier of:

December 26, 2011, or upon the Company obtaining all permits and/or approvals necessary to commence mining operations plus three months from the date of the execution of the permit.

If the Company does not exercise the Option and purchase the Property, all amounts paid by the Company are forfeited.

On December 14, 2010, the option agreement was amended to extend the payment date on the remaining $300,000 due on December 26, 2010. Pursuant to the amendment, the Company paid $15,000 in December 2010 and the balance of $285,000 was paid in January 2011. These two payments increased the option term to thirty months from the effective date of June 26, 2009.

At December 31, 2010 and December 31, 2009 Property Purchase Option was comprised of the following:

	2010	**2009**
Initial deposit on property	$ 100,000	$ 100,000
Further option payments	15,000	-
Shares and warrants issued pursuant to Finder's Agreement (Note 5)	254,625	254,625
Capitalized site-specific exploration expenses	745,147	334,278
Tax effect of expenses not deductible for tax purposes	14,875	14,875
	$ 1,129,647	$ 703,778

NOTE 5 - RELATED PARTY TRANSACTIONS

Finder's Agreement

On June 22, 2009 the Company entered into a Finder's Agreement with RMMI for the mining claims located in Josephine County, Oregon.

Under the agreement RMMI will advance the Company funds and provide the technical support to complete a reserve study on the claims. The Company will pay RMMI the following:

- 10,500,000 Common Shares; issued during the period ended December 31, 2009.
- 5,250,000 Common Stock purchase warrants with a 5 year term and an exercise price of $1.50; issued during the period ended December 31, 2009;
- 5,250,000 Common Stock purchase warrants with a 5 year term and an exercise price of $2.00; issued during the period ended December 31, 2009;
- A fee of $1,500,000 USD due in 4 equal installments beginning when production begins on the property.

The agreement also contemplates RMMI and the Company entering into a management agreement for RMMI to provide technical and administrative services to the Company.

Consulting Agreement

The Company and RMMI have entered into a consulting agreement dated April 15, 2009, wherein RMMI will provide services and office space. Terms of the agreement include, among others, additional compensation of 3.0% of all equity raised by RMMI and its subsidiaries. At December

31, 2010, the Company owed RMMI $203,732 for expenses RMMI paid on the Company's behalf and for shared office costs and services ($71,185 at December 31, 2009).

Salary Allocation
The Company utilizes the services of the employees of RMMI. During year the ended December 31, 2010 and the year ended December 31, 2009, the Company was allocated $141,747 and $386,331, respectively, of salaries paid to its employees by RMMI. This amount was included as exploration expense on the statement of operations with a corresponding amount to contributed surplus.

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

NOTE 6 - COMMITMENTS

On November 25, 2009 the Company entered into an agreement with Haywood Securities Inc. (Haywood), to have Haywood act as exclusive financial advisor to the Company in connection with a merger, sale, reverse take-over, or joint venture of the Company's Turner Gold project. In addition, Haywood will act as an exclusive financial advisor with respect to any investment by a strategic investor or an investment by financial investors. Under the agreement there is a monthly work fee of CDN$10,000 plus fees due upon the completion of certain investment, merger, or joint venture transactions. These fees range from 2% to 8% of the transaction value. Additionally, in the event the Company receives any fees related to a failed transaction, Haywood will receive 33% of such fees. This agreement and any modifications and addendums to this agreement substantially terminated in August 2010 and any obligation under these agreements were fulfilled under the issuances of payments and securities under the Green Park Qualifying Transaction ("QT") (Note 11).

On March 25, 2010 the Company entered into an agreement with a Canadian Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange, Green Park Capital Corp. (Green Park), where Green Park acquired all of the issued and outstanding shares of the Company through a share exchange. Upon completion of the share exchange, the Company owned approximately 90% of the issued and outstanding shares of Green Park prior to a concurrent funding of 14,000,000 units at $0.50, which was to raise approximately CDN$7,000,000 for future operations. This agreement expired July 15, 2010 but was extended by mutual consent of both parties. The transaction was finalized in March 2011 (Note 11). All of Josephine's issued and outstanding shares were exchanged for 24,500,010 shares in Green Park as consideration for the QT. Josephine's shares are held in Bellus as of December 31, 2010.

In conjunction with the QT, the Company entered into an agreement with Union Securities Ltd., (Union) in August 2010, under which Union would act as lead underwriter for Josephine in the proposed private placement. This was in conjunction with the QT and would generate up to CDN$7,000,000 for the private placement of 14,000,000 units of common stock and warrants. This agreement was terminated on January 28, 2011. Any obligations under this agreement were fulfilled as part of the distribution of cash and securities as part of the QT with Green Park in March 2011.

Subsequent to the Company's year end, Josephine reached an agreement with Canaccord Genuity corp. to assist in the anticipated private placement (Note 11).

NOTE 7- INCOME TAXES

The income tax provision differs from income taxes which would result from applying the expected tax rate to net loss before income taxes. The differences between the "expected" income tax expenses and the actual income tax recovery are summarized as follows:

		December 31, 2010		**December 31, 2009**
Loss before income taxes	$	482,473	$	531,488
Expected income tax recovery at 28.5% (2009-30%)		137,505		159,446
Non-deductible items and other		-		(58)
Tax rate differences		(16,887)		(26,565)
Change in valuation allowance		(120,618)		(117,948)
Income tax recovery	$	-	$	14,875

The components of the net future income tax assets are as follows:

		December 31, 2010		**December 31, 2009**
Property purchase option	$	(14,875)	$	(14,875)
Exploration expenses		148,243		-
Non-capital losses		105,198		132,823
Valuation allowance		(238,566)		(117,948)
Future income tax asset	$	-	$	-

The realization of the income tax benefits related to these future potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly no future income tax asset has been recognized at December 31, 2010 or December 31, 2009.

The Company has non-capital losses for income tax purposes of approximately $421,000 for which the related benefit has not been recorded in these financial statements. Unless sufficient taxable income is earned in future periods, these non-capital losses will expire as follows:

2029	$	118,000
2030		303,000
	$	421,000

NOTE 8- STOCKHOLDER'S EQUITY

Authorized:

Common stock is authorized for an unlimited number of common shares without par value. This single class of voting stock represents all stockholders' rights.

Issued:

	# of Shares	Amount
Initial capitalization – June 18, 2009	10	$ 10
Issued for finders agreement	10,500,000	210,000
Balance at December 31, 2009	10,500,010	$ 210,010
Balance at December 31, 2010	10,500,010	$ 210,010

Warrants

As a result of the Finder's Agreement (Note 5), the Company issued 10,500,000 warrants allowing the warrant holder to purchase one share of common stock for each warrant held. Warrants to purchase 5,250,000 have an exercise price of $1.50 and a term of 5 years (the "$1.50 warrants") and the remaining 5,250,000 warrants have an exercise price of $2.00 and a term of 5 years (the "$2.00 warrants"). The fair value of the warrants was determined using the Black-Scholes valuation method to be $44,625, which has been capitalized to property purchase option.

The fair value of warrants granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	5%
Expected volatility	111%
Expected life (years)	5
Expected dividend yield	0%

Contributed surplus

	December 31, 2010	December 31, 2009
Balance, beginning of period	$ 916,331	$ -
Cash contributed	328,000	530,000
Salary allocation (Note 5)	141,747	386,331
Balance, end of period	$ 1,386,078	$ 916,331

NOTE 9 - FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, accounts payable, accrued expenses and accrued expenses-related party.

The fair value hierarchy established by CICA Handbook Section 3862 – Financial Instruments – Disclosures establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and lowest priority to Level 3 inputs. Cash and cash equivalents are measured at Level 1.

	December 31, 2010		December 31, 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Held for trading				
Cash and equivalents	$ 16,020	$ 16,020	$ 37,040	$ 37,040
Financial liabilities				
Other financial liabilities				
Accounts payable	314,253	314,253	43,997	43,997
Accrued expenses	15,000	15,000	-	-
Accrued expense - related party	203,732	203,732	71,185	71,185

Financial risk management

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk and price risk.

i. Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company maintains its cash and cash equivalents in financial institutions located in the United States of America and which are insured by the FDIC up to certain limits. At December 31, 2010 and 2009, the Company's account balances were fully insured.

ii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure.

iii. Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. There is minimal price risk at the present time as the Company is not yet in the production phase.

iv. Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. In the normal course of business, the Company is not exposed to interest rate fluctuations as it has no interest bearing debt.

NOTE 10 – CAPITAL DISCLOSURE

Capital management is the key to achieving the Company's growth plans, maintaining a strong capital base to ensure financial flexibility, and providing returns to shareholders. The Company's capital, was comprised of net shareholders' equity in the amount of $641,627 at December 31, 2010 and $654,353 at December 31, 2009,

Management of capital risk

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which maintains the costs of capital at an acceptable level.

The Company adjusts the capital structure in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company's investment policy is to invest in highly liquid short-term interest-bearing investments. The Company is not subject to externally imposed capital requirements.

NOTE 11 – SUBSEQUENT EVENTS

Qualifying Transaction with Green Park Capital Corp.

Subsequent to year end, as contemplated under the share exchange agreement with Green Park (Note 6), Josephine was acquired by Josephine Mining Corp. ("JMC") (formerly Green Park Capital Corp.). JMC was formerly a Capital Pool Company within the meaning ascribed by the TSX Venture Exchange's Policy 2.4 ("Policy 2.4"). This transaction constituted JMC's Qualifying Transaction ("the QT") as defined in Policy 2.4.

In connection with the QT, Josephine's name was changed to 0854742 B.C. Ltd. ("0854742") and was amalgamated with 0890810 B.C. Ltd. ("0890810"), a wholly owned subsidiary of JMC.

Prior to the completion of the QT, Josephine completed a private placement of 14,000,000 units, each consisting of one common share and one half of one share purchase warrant. Each whole warrant granted the holder the right to acquire one common share at an exercise price of CDN$0.75 prior to March 24, 2013. The purchase price for each unit was $0.50 and therefore the Company raised gross proceeds of CDN$7,000,000. In connection with this private placement, 0854742 agreed to pay Canaccord Genuity Corp. (the "Agent") a cash fee of 7% of the gross proceeds raised and Agent's warrant's equal to 7% of the Units sold under the offering, except for the proceeds raised with respect to the subscription by a certain institutional investor (the "Investor"), in which case the commission will be reduced to 3.5% of the proceeds raised from such Investor. Each Agent's warrant is exercisable at CDN$0.50 to acquire one Unit for a period of 24 months. The Agent's warrants were exchanged for warrants of JMC on a one for one basis upon completion of the Qualifying Transaction. Upon closing, 0854742 paid the agent a fee of 75,000 units, to be exchanged for units of the Company, each consisting of one common share and one half of one warrant to acquire one common share with an exercise price of CDN$0.75 and an expiration date of March 24, 2013.

Immediately prior to the closing of the QT the Company had 24,500,010 shares and 17,500,000 warrants issued and outstanding.

The consideration for the QT consisted of:

- 10,500,010 JMC common shares to acquire the 10,500,010 issued and outstanding shares of Josephine;
- 7,000,000 warrants with an exercise price of CDN$0.75 exercisable before March 24, 2013 to acquire the 7,000,000 warrants issued in conjunction with the unit offering;
- 5,250,000 warrants with an exercise price of CDN$1.50 and an expiration date of March 24, 2016 to replace the 5,250,000 $1.50 finder's warrants;
- 5,250,000 warrants with an exercise price of CDN$2.00 and an expiration date of March 24, 2016 to replace the 5,250,000 $2.00 finder's warrants.

In conjunction with the Qualifying Transaction and related financing JMC granted agent's options to acquire 735,000 common shares at an exercise price of CDN$0.50 per share before March 24, 2013.

Incentive Stock Option Plan

On March 25, 2011 JMC granted a total of 1,850,000 options to officers, employees, directors and consultants pursuant to its incentive stock option plan, exercisable at CDN$0.50 per share for a term of five years. These options vest over two years.

On April 26, 2011 JMC issued 7,000 common shares pursuant to the exercise of warrants.

Other Agreements

On February 16, 2011, to assist with the private placement of the 14,000,000 shares, Josephine engaged Canaccord Genuity Corp. ("Canaccord") as its agent. Canaccord's commission was limited to the 7% of the gross proceeds payable in cash and the 7% of the agent warrants under the agreement. Furthermore, to the extent that prior agency agreements were still enforced, then the appropriate payments were directed to those agents (Note 6).

All issuances and payments anticipated under this agreement were completed as part of the March 2011 qualifying transaction.

New Operating Subsidiary

In April 2011, Josephine incorporated a new subsidiary, Gold Coast Mining, Inc., to act as the main operating subsidiary of the combined companies.