



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR'S REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**CADMAN RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited)  
(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2012	2011	2012	2011
<b>REVENUE</b>	\$ -	\$ -	\$ -	\$ -
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Consulting	8,000	-	8,000	-
Marketing	-	14,827	4,416	14,827
Office and miscellaneous	2,575	10,398	2,938	24,283
Professional fees	70,527	97,596	74,872	111,738
Rent	6,705	2,206	13,409	4,412
Transfer agent and filing fees	13,379	4,207	23,552	8,429
Travel and promotion	1,102	-	1,102	-
	102,288	129,234	128,289	163,689
<b>OTHER EXPENSE (INCOME)</b>				
Interest and other income	\$ (159)	\$ (505)	(546)	(505)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>(102,129)</b>	<b>(128,729)</b>	<b>(127,743)</b>	<b>(163,184)</b>
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES</b>	<b>12,484,500</b>	<b>11,021,848</b>	<b>12,484,500</b>	<b>11,021,848</b>

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

**CADMAN RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	Notes	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
<b>ASSETS</b>			
DEFERRED ACQUISITION COSTS	4 \$	30,000 \$	25,000
CURRENT ASSETS			
Cash and cash equivalent		103,813	217,551
HST recoverable		38,581	30,297
Prepaid expenses		6,425	4,425
		<b>148,819</b>	<b>252,273</b>
	\$	<b>178,819 \$</b>	<b>277,273</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5 \$	1,184,485 \$	1,184,485
Reserves	5	78,148	78,148
Deficit		<b>(1,144,999)</b>	<b>(1,017,256)</b>
		<b>117,634</b>	<b>245,377</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities		61,185	31,896
	\$	<b>178,819 \$</b>	<b>277,273</b>

NATURE OF BUSINESS AND CONTINUED OPERATIONS (Note 1)  
COMMITMENT (Note 6)  
SUBSEQUENT EVENTS (Note 9)

APPROVED ON AUGUST 29, 2012 ON BEHALF OF THE BOARD:

/s/ "Derek Bartlett"  
Mr. Derek Bartlett, Director

/s/ "Alex Johnston"  
Mr. Alex Johnston, Director

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CADMAN RESOURCES INC.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Common shares		Share		Shareholders'	
	Shares	Amount	Subscriptions Received	Reserves	Deficit	Equity (Deficiency)
Balance, January 1, 2010	4,800,000	\$ 219,414	\$ 255,000	\$ 33,698	\$ (272,989)	\$ 235,123
Shares issued for cash, net of issue costs	4,414,500	383,071	(255,000)	-	-	128,071
Comprehensive loss	-	-	-	-	(389,030)	(389,030)
Shares cancelled	(1,000,000)	-	-	-	-	-
Balance, December 31, 2010 (Audited)	8,214,500	602,485	-	33,698	(662,019)	(25,836)
Shares issued for cash, net of issue costs	4,270,000	582,000	-	-	-	582,000
Comprehensive loss	-	-	-	-	(163,184)	(163,184)
Balance, June 30, 2011	12,484,500	1,184,485	-	33,698	(825,203)	392,980
Share based compensation	-	-	-	44,450	-	44,450
Shares issued for cash, net of issue costs	-	-	-	-	-	-
Comprehensive loss	-	-	-	-	(192,053)	(192,053)
Balance, December 31, 2011 (Audited)	12,484,500	1,184,485	-	78,148	(1,017,256)	245,377
Comprehensive loss	-	-	-	-	(127,743)	(127,743)
Balance, June 30, 2012	12,484,500	\$ 1,184,485	\$ -	\$ 78,148	\$ (1,144,999)	\$ 117,634

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

**CADMAN RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Expressed in Canadian Dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2012	2011	2012	2011
<b>OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (102,129)	\$ (128,729)	\$ (127,743)	\$ (163,184)
Changes in non-cash working capital items:				
HST recoverable	(5,010)	4,773	(8,284)	1,964
Other receivable	-	(467)	-	1,008
Prepaid expenses	-	-	(2,000)	(500)
Accounts payable and accrued liabilities	57,915	21,671	29,289	(34,450)
<b>Cash Used in Operating Activities</b>	<b>(49,224)</b>	<b>(102,752)</b>	<b>(108,738)</b>	<b>(195,162)</b>
<b>INVESTING ACTIVITIES</b>				
Deferred acquisition costs	(5,000)	(3,385)	(5,000)	(25,000)
<b>Cash Used in Investing Activities</b>	<b>(5,000)</b>	<b>(3,385)</b>	<b>(5,000)</b>	<b>(25,000)</b>
<b>FINANCING ACTIVITIES</b>				
Common shares issued, net	-	15,000	-	582,000
<b>Cash Provided by Financing Activities</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>582,000</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(54,224)</b>	<b>(91,137)</b>	<b>(113,738)</b>	<b>361,838</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>158,037</b>	<b>459,806</b>	<b>217,551</b>	<b>6,831</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 103,813</b>	<b>\$ 368,669</b>	<b>\$ 103,813</b>	<b>\$ 368,669</b>

SUPPLEMENTAL INFORMATION:

Interest paid	\$	-	\$	-	\$	-	\$	-
Income taxes paid	\$	-	\$	-	\$	-	\$	-

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

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**CADMAN RESOURCES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

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1. NATURE OF BUSINESS AND CONTINUED OPERATIONS

Cadman Resources Inc. ("the Company") was incorporated pursuant to the British Columbia Business Corporation Act on November 13, 2007. The Company is a "Capital Pool Company" ("CPC"), as defined in the policies of the TSX Venture Exchange (the "Exchange"). The Company's shares were listed on the Exchange effective July 10, 2008. The head office, principal address and records of the office of the Company are located at 336-9 Queen Street South, Mississauga, Ontario L5M 1M2.

On December 23, 2010, the Company terminated an agreement entered into on August 5, 2009 and amended on December 9, 2009 with SamLorne Limited ("SamLorne") to purchase all the outstanding shares of SamLorne. SamLorne has an option agreement to acquire a 70% interest in the Fanggelewan Silver-Lead property in Henan Province, Peoples Republic of China and the exploration and mining rights associated with that property (see Note 6). The completion of the acquisition would have constituted the Company's Qualifying Transaction. As the Company failed to complete a Qualifying Transaction within the prescribed time frame under the Exchange's policy, the Company cancelled 1,000,000 seed common shares subscribed by directors of the Company and transferred the listing of the Company's shares to the NEX Board. On March 6, 2012 the Company submitted an application to the Canadian National Stock Exchange (the "CNSX") to transfer its listing to CNSX and on April 2, 2012, the Company received conditional approval for listing on the CNSX.

As at June 30, 2012, the Company had no business operations. As a CPC, the Company's principal business is the identification and evaluation of assets, properties or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholders' approval and acceptance by the Exchange. Where an acquisition or participation in a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements prepared in conjunction of with the Company Annual audited financial statements for the year ended December 31, 2011, which is first annual financial statements presented in accordance with IFRS. As such, these condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 "*Interim financial Reporting*".

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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**CADMAN RESOURCES INC.**  
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2. BASIS OF PREPARATION (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed below.

These condensed interim financial statements were approved and authorized for issuance by the Company's Board of Directors on August 29, 2012.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3 (e). All amounts are expressed in Canadian dollars unless otherwise stated.

(b) Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

(c) Use of Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of deferred income tax assets and liabilities, and assumptions used in valuing options and warrants in share-based compensation calculations. Actual results could differ from these estimates.

(d) Share Issuance Costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.



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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents and accounts payable. At initial recognition management has classified financial assets and liabilities as follows:

i. Financial assets

The Company has recognized its cash and cash equivalents FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

ii. Financial liabilities

The Company has recognized its accounts payable as other financial liabilities. Accounts payable are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(f) Share based payments

The Company accounts for share-based payments awards granted to employees and consultants using the fair value method. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest, using the Black-Scholes option pricing model. The amount recognized as expense is adjusted to reflect the number of share options expected to vest at each reporting period.

(g) Income taxes

Income tax expense comprises current and deferred tax and is recognized in operations except to the extent that it relates to business combinations, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill. Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income taxes (continued)

A deferred tax assets is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(i) Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment, if any. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

An impairment loss is recognized in operations if the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

(j) New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations have been published that are not effective for the period ended June 30, 2012 and have not been applied in preparing these condensed interim financial statements. The extent of impact of adoption of these standards and interpretations on the condensed interim financial statements has not been determined.

International Accounting  
Standards

Effective Date

IFRS 9 – Financial  
Instruments

In November 2009, as part of the International Accounting Standards (IASB) project to replace International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

January 1, 2015

**CADMAN RESOURCES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) New standards and interpretations not yet adopted (continued)

International Accounting Standards		Effective Date
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, <i>Interests in Joint Ventures</i> , and SIC 13, <i>Jointly Controlled Entities – Non-monetary Contributions</i> .	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.	January 1, 2013
IFRS 13 – Fair Value Measurement	IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.	January 1, 2013
IAS 27 – Separate Financial Statements	As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures	As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.	January 1, 2013

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4. DEFERRED ACQUISITION COSTS

	Golden Star Block	Total
Balance December 31, 2010	\$ –	\$ –
Refundable Deposit	25,000	25,000
Balance December 31, 2011	–	–
Refundable Deposit	5,000	5,000
Balance June 30, 2012	\$ 30,000	\$ 30,000

Gold Star Block, Ontario, Canada

Pursuant to a non-binding letter of intent for a property option agreement, the Company paid a refundable deposit of \$25,000 to acquire a 55% undivided interest in 2 blocks of mining claims, leases and patents, known as the Golden Star Block and the Baseline/Nugget Block, that are located in Northwestern Ontario. On March 6, 2012, the Company signed a definitive agreement with Q-Gold Resources Ltd. The Company agreed to pay \$275,000 in cash, \$240,000 by issuance of 960,000 common shares of the Company and incur exploration expenditures of \$600,000 on the properties as follows:

	Cash Payments	Number of Common Shares	Exploration Expenditures
(i) Within in 30 days after the closing date of the agreement (paid)	\$ 25,000	–	\$ –
(ii) Within 5 days after listing of the Company's shares on the CNSX	–	960,000	–
(iii) Within 3 months after the closing date (paid \$5,000)	100,000	–	–
(iv) Within 12 months after the closing date	150,000	–	250,000
(v) Within 24 months after the closing date	–	–	350,000
	\$ 275,000	960,000	\$ 600,000

The final agreement is conditional on completion of satisfactory due diligence by the Company and receipt of all other necessary corporate, regulatory and securities law approvals.

The property is subject to a 6% Net Smelter Return (NSR). The Company can purchase up to an aggregate of 3% of the NSR for \$1,500,000.

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5. SHARE CAPITAL

Authorized:

An unlimited number of common shares without par value.

On February 11, 2010, the Company closed a non-brokered private placement of 4,414,500 common shares at a price of \$0.10 per share for gross proceeds of \$441,450, \$255,000 of which was received as of December 31, 2009. The Company incurred finders' fees of \$44,145 and issue costs of \$14,234 in relation to the private placement.

On December 23, 2010, the Company cancelled 1,000,000 common shares in accordance with the Exchange's policy with respect to a CPC.

On March 3, 2011, pursuant to a non-brokered private placement, the Company issued 4,000,000 common shares at a price of \$0.15 per share for gross proceeds of \$600,000. The Company paid \$18,000 and issued 270,000 common shares at a fair value of \$40,500 as finder fees.

Escrowed Shares:

At June 30, 2012, 1,400,000 common shares issued and outstanding were held in escrow with 10% to be released on the completion of a Qualifying Transaction, and 15% to be released every six months thereafter.

Stock Options:

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of the Exchange, subject to a minimum of \$0.10 per common share. Options granted are non-transferable and may not exceed a term of five years from the grant date. Vesting is as determined by the directors at the time of grant.

A summary of the Company's stock option activity for the period ended June 30, 2012 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2010	280,000	\$0.10
Options Granted	200,000	0.10
Options Cancelled	(200,000)	0.10
Balance, December 31, 2011	280,000	0.10
Balance, June 30, 2012	280,000	\$0.10

At June 30, 2012, 280,000 options with a weighted average remaining contractual life of 0.53 year were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held as follows:

Options	Exercise Price	Expiry Date
280,000	\$0.10	January 8, 2013

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6. COMMITMENT

The Company is a co-tenant to an office lease agreement requiring an annual minimum lease payment of \$8,800 until April 2013.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to complete a qualifying transaction and to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

The Company seeks to manage capital to provide adequate funding for its projects while minimizing dilution for its existing shareholders. As the Company has no practical ability presently to raise money by long term or other debt, for practical purposes all of its capital management is directed towards management of its equity, warrant and option issuances. There is thus very limited flexibility in its capital management.

8. FINANCIAL INSTRUMENTS AND RISK

Fair value

As at June 30, 2012, the Company's financial instruments consist of cash and cash equivalents and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 "Financial Instruments – Disclosures", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial instruments measured at fair value on a recurring basis at June 30, 2012 is as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalent	\$ 103,813	\$ -	\$ -	\$ 103,813

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a financial institution.

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8. FINANCIAL INSTRUMENTS AND RISK (continued)

Fair value (continued)

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed Commercial Paper or similar instruments.

Foreign Exchange Risk

The Company does not have any foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions. At June 30, 2012, the Company held a \$51,000 one-year term deposit in interest bearing instruments.

9. SUBSEQUENT EVENTS

On July 6, 2012, the Company began trading on the Canadian National Stock Exchange ("CNSX"), the acquisition of an option for a 55% interest in the Golden Star Property and the closing of the first tranche of its previously announced private placement. Delisting from the NEX was approved in writing by a majority of the Company's minority Shareholders as a required step to delisting from the NEX. Also as a requirement of delisting from the NEX, the Company was required to cancel its remaining 1.4 million escrowed Common Shares. (See Note 1).

On July 5, 2012 the Company reported a non-brokered private placement for gross proceeds of \$99,000 through the sale of 660,000 units at \$0.15 per share. On August 9, the financing had been amended to total gross proceeds of \$42,000 through the sale of 280,000 units at \$0.15 per share. Each unit will be comprised of one Common Share and one half of one Common Share purchase warrant, each full warrant exercisable at a price of \$0.20 for one Common Share within 18 months from the date of issuance. A finder's fee of 8% cash and 8% warrants were paid to certain finders in conjunction with the offering.

On July 6, 2012, as a requirement of delisting from the NEX, the Company was required to cancel 1,400,000 escrowed common shares. The Company has no more escrowed shares.

On July 26, 2012 the Company concluded negotiations with Shenba Resources Holdings Limited ("Shenba"), and entered into a letter of intent (the "LOI") to acquire 65 per cent of the Mbozi Copper project located in the United Republic of Tanzania by incurring cumulative exploration expenditures of US\$3,000,000, pay to the optionors the sum of US\$200,000 cash in property payments and issue a total of 5,000,000 common shares and 5,000,000 warrants exercisable at \$0.25 of the company to the optionors, all over a three-year period commencing upon receipt of approval by the CNSX.