SPEARMINT RESOURCES INC.

(Formerly Indefinitely Capital Corp.)

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

January 31, 2012

DAVIDSON & COMPANY LLP — Chartered Accountants — A Partnership of Incorporated Professionals

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Spearmint Resources Inc.
(formerly Indefinitely Capital Corp.)

We have audited the accompanying financial statements of Spearmint Resources Inc. (formerly Indefinitely Capital Corp.), which comprise the statements of financial position as at January 31, 2012, January 31, 2011 and February 1, 2010 and the statements of comprehensive loss, cash flows and changes in shareholders' equity for the years ended January 31, 2012 and January 31, 2011, 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 International Financial Reporting Standards, 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 audit 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Spearmint Resources Inc. (formerly Indefinitely Capital Corp.) as at January 31, 2012, January 31, 2011 and February 1, 2010 and its financial performance and its cash flows for the years ended January 31, 2012 and January 31, 2011 in accordance with International Financial Reporting Standards.

NEXIA INTERNATIONAL

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Spearmint Resources Inc. (formerly Indefinitely Capital Corp.)’s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada | Chartered Accountants

May 28, 2012

SPEARMINT RESOURCES INC.
(Formerly Indefinitely Capital Corp.)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

ASSETS	January 31, 2012	January 31, 2011 (Note 14)	February 1, 2010 (Note 14)
Current assets			
Cash and cash equivalents - Note 4	$ 201,964	$ 181,081	$ 61,398
Receivables - Note 5	11,283	298	1,947
Prepaid expenses	-	-	1,462
Total current assets	213,247	181,379	64,807
Non-current assets			
Deferred acquisition costs - Note 6	40,000	-	-
Deferred financing costs - Note 8	30,095	-	43,978
Total assets	$ 283,342	$ 181,379	$ 108,785
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities - Notes 7 and 12	$ 71,662	$ 10,881	$ 28,900
Total current liabilities	71,662	10,881	28,900
SHAREHOLDERS' EQUITY			
Share capital - Note 8	206,752	206,752	100,000
Share subscriptions received in advance - Note 8	138,515	-	-
Reserves	40,821	40,821	-
Accumulated deficit	(174,408)	(77,075)	(20,115)
Total shareholders' equity	211,680	170,498	79,885
Total liabilities and shareholders' equity	$ 283,342	$ 181,379	$ 108,785

Nature and Continuance of Operations – Note 1
Subsequent Events – Notes 6 and 8

APPROVED BY THE DIRECTORS:

"Negar Adam" Director
Negar Adam

"Conrad Clemiss" Director
Conrad Clemiss

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

SPEARMINT RESOURCES INC.
(Formerly Indefinitely Capital Corp.)
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Years ended January 31, 2012	2011 (Note 14)
Expenses		
Office and miscellaneous	$ 615	$ 1,180
Professional fees	73,769	18,151
Property investigation costs	1,000	-
Share-based payments - Notes 8	-	30,229
Transfer agent and filing fees	23,988	7,402
	(99,372)	(56,962)
Other item:		
Interest income	2,039	2
Net loss and total comprehensive loss for the year	$ (97,333)	$ (56,960)
Loss per share - basic and diluted - Note 9	$ (0.05)	$ (0.04)
Weighted average number of shares outstanding - basic and diluted - Note 9	2,000,000	1,512,329

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

SPEARMINT RESOURCES INC.
(Formerly Indefinitely Capital Corp.)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Years ended January 31, 2012	2011 (Note 14)
Operating Activities		
Loss for the year	$ (97,333)	$ (56,960)
Adjustments for non-cash item:		
Share-based payments	-	30,229
Changes in non-cash working capital items:		
Receivables	(10,985)	1,649
Prepaid expenses	-	1,462
Accounts payable and accrued liabilities	38,436	(18,019)
Cash used in operating activities	(69,882)	(41,639)
Investing Activities		
Deferred acquisition costs	(40,000)	-
Cash used in investing activities	(40,000)	-
Financing Activities		
Proceeds from issuance of share capital	-	200,000
Share subscriptions received in advance	138,515	-
Deferred financing costs	(7,750)	-
Share issue costs	-	(38,678)
Cash provided by financing activities	130,765	161,322
Increase in cash and cash equivalents during the year	20,883	119,683
Cash and cash equivalents, beginning of the year	181,081	61,398
Cash and cash equivalents, end of the year - Note 4	$ 201,964	$ 181,081

Supplemental Disclosure with Respect to Cash Flows (Note 15)

SPEARMINT RESOURCES INC.
(Formerly Indefinitely Capital Corp.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital		Share subscriptions received in advance	Reserves	Accumulated deficit	Total
	No. of shares	Amount				
Balance, February 1, 2010	2,000,000	$ 100,000	$ -	$ -	$ (20,115)	$ 79,885
Private placement	2,000,000	200,000	-	-	-	200,000
Share issuance costs	-	(82,656)	-	-	-	(82,656)
Brokers warrants issued	-	(10,592)	-	10,592	-	-
Share based payments	-	-	-	30,229	-	30,229
Net loss for the year	-	-	-	-	(56,960)	(56,960)
Balance, January 31, 2011	4,000,000	206,752	-	40,821	(77,075)	170,498
Share subscriptions received in advance	-	-	138,515	-	-	138,515
Net loss for the year	-	-	-	-	(97,333)	(97,333)
Balance, January 31, 2012	4,000,000	$ 206,752	$ 138,515	$ 40,821	$ (174,408)	$ 211,680

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Spearmint Resources Inc. (the "Company", formerly Indefinitely Capital Corp.) was incorporated under the Business Corporations Act of British Columbia, Canada on September 23, 2009. The Company was classified as a Capital Pool Company ("CPC"), as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). The Company's principal business activity was to identify and evaluate business opportunities with the objective of completing a Qualifying Transaction under the Exchange rules. Under these rules, a Qualifying Transaction must be entered into within 24 months of listing on the Exchange. Subsequent to January 31, 2012, the Company closed its Qualifying Transaction (Note 6) and as such the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange. The Company changed its name to Spearmint Resources Inc.

The Company's head office and principal business address is located at 1470 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6, and its registered and records office is located at 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

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

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At January 31, 2012, the Company had working capital of $141,585, had not yet achieved profitable operations and has an accumulated deficit of $174,408 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. As the Company closed its Qualifying Transaction subsequent to January 31, 2012, the Company will require additional financing in order to conduct its future work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Company's first annual financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

2. BASIS OF PREPARATION (continued)

a) Statement of Compliance (continued)

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 14.

These financial statements were authorized for issue by the Board of Directors on May 28, 2012.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been initially measured at fair value.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of these financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

The recoverability of receivables, the carrying value and recoverability of exploration and evaluation assets, estimated accrued liabilities, and inputs used in accounting for share-based compensation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at February 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) ***Financial instruments***

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company classified its financial assets as follows:

-Cash and cash equivalents are classified as FVTPL; and
-Receivables are classified as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) ***Financial instruments (continued)***

Financial liabilities

Financial liabilities are classified into one of two categories:

-Fair value through profit or loss; and

-Other financial liabilities

Fair value though profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes amounts due to related parties and accounts payable and accrued liabilities and long-term debt, all of which are recognized at amortized cost.

The Company classified its accounts payable and accrued liabilities as other financial liabilities.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) ***Financial instruments (continued)***

credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(b) ***Cash and equivalents***

Cash and cash equivalents includes cash on hand, demand deposits and highly liquid Canadian dollar investments in term deposits with major financial institutions that have maturities or redemption provisions of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(c) ***Exploration and evaluation assets***

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as incurred.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statements of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Exploration and evaluation assets (continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

(d) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

The Company follows the asset and liability method of accounting for income taxes whereby deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date.

A deferred tax asset is recognized only 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.

(e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share purchase options and share purchase warrants are classified as equity. Share issue costs and deferred costs of future financings, which include commissions, professional and regulatory fees are deferred and charged to share capital on completion of the financing or expensed if the financing is not completed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) ***Share-based payment transactions***

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment, using the Black-Scholes option pricing model.

(g) ***Warrants issued in equity financing transactions***

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore its exploration and evaluation assets. These equity financing transactions may involve the issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued based on the residual value method. Warrants that are issued as payment for agency fees or other transaction costs are accounted for as share-based payments.

(h) ***Earnings (loss) per share***

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

(i) ***Accounting standards issued but not yet applied***

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) ***Accounting standards issued but not yet applied (continued)***

Accounting Standards Issued and Effective January 1, 2013

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

IFRS 11 *Joint Arrangements* establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 *Disclosure of Involvement with Other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 *Separate Financial Statements* has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 *Investments in Associates and Joint Ventures* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

Accounting Standards Issued and Effective January 1, 2015

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian dollars and include the following components:

	January 31, 2012	January 31, 2011	February 1, 2010
Cash at bank and in hand	$ 92,631	$ 1,081	$ -
Short-term deposits	69,000	180,000	-
Trust account	40,333	-	61,398
Cash and cash equivalents	$ 201,964	$ 181,081	$ 61,398

5. RECEIVABLES

The Company's receivables comprise solely harmonized sales tax ("HST") / goods and services tax ("GST") receivables due from Canadian government taxation authorities.

	January 31, 2012	January 31, 2011	February 1, 2010
HST/GST recoverable	$ 11,283	$ 298	$ 1,947
Total receivables	$ 11,283	$ 298	$ 1,947

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

6. DEFERRED ACQUISITION COSTS

On October 11, 2011, the Company entered into an option agreement (the "Agreement") with Eastland Management Ltd. (the "Optionor") and R. Timothy Henneberry (the "Trustee") whereby the Company will be granted an option to acquire a 100% interest in and to twelve mineral claims known as the Otter Property (the "Property") located in the Similkameen Mining Division in the Princeton Area of British Columbia. The Agreement constituted the Company's Qualifying Transaction which was subsequently completed. In order to exercise the Option and keep it in good standing, the Company is required to make total cash payments of $40,000, issue a total of 800,000 common shares of the Company and incur exploration expenditures of $2,000,000 as follows:

(Expressed in Canadian Dollars)

6. DEFERRED ACQUISITION COSTS (continued)

	Cash	Exploration Costs	Common Shares
Upon execution of the Agreement (paid)	$ 25,000	$ -	-
Upon closing date (cash paid in fiscal 2012 and shares issued subsequently)	15,000	-	200,000
Within 12 months of closing	-	200,000	200,000
Within 24 months of closing	-	300,000	200,000
Within 36 months of closing	-	500,000	200,000
Within 48 months of closing	-	1,000,000	-
	$ 40,000	$ 2,000,000	800,000

Upon satisfaction of the payments, share issuances and work commitments above, the Option will be deemed to be exercised and a 100% undivided interest in the Property will be transferred to the Company, free and clear of all encumbrances, subject to a 2% net smelter return royalty (the "**NSR**") in favour of the Optionor with respect to production of all precious metals from the Property. The NSR will be payable following commencement of commercial production on the Property. The Company may buy-back 1% of the NSR in consideration for payment of $1,000,000 to the Optionor.

As at January 31, 2012, the Company had incurred deferred acquisition costs of $40,000 (2011: $Nil) in connection with the Qualifying Transaction.

Subsequent to January 31, 2012, the Company closed the Qualifying Transaction and paid a finders' fee of $6,000 in connection with this transaction.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statements of financial position can be analyzed as follows:

	January 31, 2012	January 31, 2011	February 1, 2010
Trade payables	$ 56,662	$ 881	$ 18,900
Accrued liabilities	15,000	10,000	10,000
Total payables	$ 71,662	$ 10,881	$ 28,900

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Authorized:

Unlimited common shares, without par value

Escrow Shares

2,000,000 common shares issued at inception are held in escrow and are to be released on a staged basis, with 10% to be released on the issuance of a Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and 15% to be released every six months thereafter for a period of thirty-six months. Subsequent to January 31, 2012, upon closing of the Qualifying Transaction (Note 6), 200,000 of these shares were released from escrow.

As all of these shares were considered contingently cancellable until the Company completed the Qualifying Transaction, they were not considered to be outstanding shares for the purposes of loss per share calculations for the year ended January 31, 2012 and 2011.

Consequently, only the 2,000,000 common shares issued for the IPO were included in the calculation of the weighted average number of shares outstanding for the year ended January 31, 2012 and 2011.

Deferred Financing Costs and Share Subscriptions

During the year ended January 31, 2012, the Company arranged for a non-brokered private placement (the "**Offering**") of 4,000,000 units (the "**Units**") at a price of $0.10 per Unit for gross proceeds of $400,000 to be completed concurrent with the closing of the Company's Qualifying Transaction. Each Unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.10 per common share for a period of five years after the closing of the Offering. As at January 31, 2012, the Company had received $138,515 (2011: $Nil) in share subscriptions in connection with this Offering.

As at January 31, 2012, the Company had incurred deferred financing costs of $30,095 (2011: $Nil) in connection with the Offering as follows:

	2012	2011
Filing fees	$ 2,750	$ -
Legal fees	22,575	-
Accounting fees	4,770	-
	$ 30,095	$ -

Subsequent to January 31, 2012, the Offering was closed in conjunction with the closing of the Qualifying Transaction (Note 6) and the Company issued 4,000,000 Units.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Initial Public Offering

During the year ended January 31, 2011, the Company closed its initial public offering (the "**IPO**") of 2,000,000 shares at $0.10 per share for gross proceeds of $200,000. In connection with the IPO, the Company paid the agent a cash commission of 10% of the gross proceeds and granted the agent 200,000 non-transferable broker warrants at an exercise price of $0.10 per share until April 30, 2012. The Company also paid the agent a corporate finance fee of $10,000 and the agent's expenses and legal fees of $10,920. The broker warrants were valued at $10,592 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 100.0%, risk-free interest rate 1.90% and an expected life of two years.

Share purchase warrants

The following is a summary of changes in share purchase warrants from February 1, 2010 to January 31, 2012:

	Number of Warrants	Weighted Average Exercise Price
Balance, February 1, 2010	-	
Granted	200,000	$0.10
Balance, January 31, 2011 and 2012	200,000	$0.10

As of January 31, 2012, the Company had 200,000 non-transferable broker share purchase warrants outstanding. Each warrant entitled the holder the right to purchase one common share at a price of $0.10 per common share until April 30, 2012. Subsequent to January 31, 2012, these 200,000 non-transferable broker share purchase warrants expired unexercised.

Share-based payments

The Company may grant incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan"). The aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan and until the completion of the Qualifying Transaction will not exceed 400,000 common shares. Options granted may not exceed a term of ten years. If the optionee ceases to be qualified to receive options from the Company, those options expire as specified by the Board at the time of granting the option. All options vest when granted unless otherwise specified by the Board of Directors. The exercise of each option is based on the market price of the Company's stock at the date of grant. Any shares issued upon exercise of the options prior to the Company entering into a Qualifying Transaction were subject to escrow restrictions. Subsequent to January 31, 2012, the Company closed its Qualifying Transaction (Note 6).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Share-based payments (continued)

The following is a summary of changes in share purchase options from February 1, 2010 to January 31, 2012:

	Number of Options	Weighted Average Exercise Price
Balance, February 1, 2010	-	
Granted	400,000	$0.10
Balance, January 31, 2011 and 2012	400,000	$0.10

As of January 31, 2012, 400,000 share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share at an exercise price of $0.10 per share until April 30, 2015.

The weighted average fair value of the options issued during the year ended January 31, 2011 was estimated at $0.08 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Years ended January 31, 2012	2011
Weighted average fair value per option	-	$0.08
Weighted average expected dividend yield	-	0%
Weighted average expected volatility	-	100%
Weighted average risk-free interest rate	-	2.99%
Weighted average expected term	-	5 years

Total expenses arising from share-based payment transactions recognized during the year ended January 31, 2012 was $Nil (2011: $30,229).

9. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Years ended January 31, 2012	2011
Net Loss	$ 97,333	$ 56,960
Weighted average number of common shares for the purpose of basic and diluted loss per share	2,000,000	1,512,329

9. LOSS PER SHARE (continued)

The basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 8) were anti-dilutive for the years ended January 31, 2012 and 2011.

The loss per share for the year ended January 31, 2012 was $0.05 (2011: $0.04).

10. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly and indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximates their carrying values. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

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 rates. As at January 31, 2012, the Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency 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 and receivables are 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, 2012 the Company is not exposed to any significant credit risk.

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 year in the financial statements is interest income on Canadian dollar cash. As at January 31, 2012, the Company is not exposed to any significant interest rate risk.

10. FINANCIAL INSTRUMENTS AND RISK (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares. Additional capital was successfully obtained subsequent to January 31, 2012 to increase liquidity. See Note 8 to the financial statements for additional details. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk, liquidity risk and price risk.

11. CAPITAL DISCLOSURE

Capital is comprised of the Company's shareholders' equity. As at January 31, 2012, the Company's shareholders' equity was $211,680 and it had current liabilities of $71,662. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

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. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at January 31, 2012, the Company has not entered into any debt financing with any financial institution.

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. There has been no change in the Company's approach to capital management during the year ended January 31, 2012.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Years ended January 31, 2012	2011
Share-based payments*	$ -	$ 30,229

*Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At January 31, 2012, accounts payable and accrued liabilities include $2,017 (January 31, 2011: $122, February 1, 2010: $393) payable to a public company with common directors and a private company controlled by a director for unpaid expense reimbursements. These amounts are unsecured, non-interest bearing and payable on demand.

13. INCOME TAXES

The reconciliation of income tax provision computed at statutory rates to reported income tax provision is as follows:

	2012	2011
Loss and comprehensive loss for the year	$ (97,333)	$ (56,960)
Expected income tax recovery	26,000	16,000
Permanent differences	-	(9,000)
Effect of reduction in statutory rates	(1,000)	(1,000)
Share issue costs	-	13,000
Change in valuation allowance	(25,000)	(19,000)
Total income tax expense	$ -	$ -

The significant components of the Company's temporary differences and unused tax losses are as follows:

	2012	2011	Expiry Date Range
Non-capital loss carryforwards	$ 176,000	$ 62,000	2030-2032
Undeducted financing costs	43,000	59,000	2013-2015
Unused temporary differences and tax losses	$ 219,000	$ 121,000	

14. FIRST TIME ADOPTION OF IFRS

The Company's financial statements for the year ended January 31, 2012 are the first annual financial statements prepared in accordance with IFRS. IFRS 1 *First Time Adoption of International Financial Reporting Standards* ("IFRS 1") requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was February 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company was January 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

The Company's IFRS accounting policies presented in Note 3 have been applied in preparing these annual financial statements for the year ended January 31, 2012, the comparative information and the opening statement of financial position at the date of transition.

The Company has applied IFRS 1 in preparing these first IFRS annual financial statements. The effects of the transition to IFRS on equity, comprehensive loss and reported cash flows are presented in this section.

i) First-time adoption exemptions and exceptions applied

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

Mandatory Exceptions

Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application under IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Company has not used hindsight to revise estimates.

Optional Exemptions

Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date.

14. FIRST TIME ADOPTION OF IFRS (continued)

ii) Reconciliations of pre-changeover Canadian GAAP equity and comprehensive loss to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive loss and cash flows for prior periods. The Company determined that the transition from pre-changeover Canadian GAAP to IFRS had no effect on the equity, comprehensive loss and reported cash flows of the amounts previously reported by the Company in accordance with pre-changeover Canadian GAAP at February 1, 2010 and January 31, 2011.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

Significant non-cash transactions during the year ended January 31, 2012 included:

i. Included in deferred financing costs is $22,345 incurred through accounts payable and accrued liabilities.

Significant non-cash transactions during the year ended January 31, 2011 included:

i. The Company reclassified $43,978 of deferred financing costs to share issue costs.